

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 17, 1960

The House met at 11 o'clock a.m.
The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Luke 6: 12: *He continued all night in prayer unto God.*

O Thou transcendent and immanent God, who alone can satisfy our mortal needs and our immortal longings, grant that in the tragic unrest of our day, we may have a faith that finds its center and circumference in Thee.

Inspire us with a fortitude that can master and dispel all the somber moods of doubt and despair which are hovering over the minds and hearts of so many members of the human family.

May our vision of Thy divine will and righteous purposes be so clear and commanding that we shall feel constrained to dedicate ourselves wholeheartedly to bring them to fulfillment.

Hear us in the name of the Captain of our Salvation. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 11998. An act making appropriations for the Department of Defense for the fiscal year ending June 30, 1961, and for other purposes.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CHAVEZ, Mr. RUSSELL, Mr. HILL, Mr. McCLELLAN, Mr. ELLENDER, Mr. ROBERTSON, Mr. STENNIS, Mr. JOHNSON of Texas, Mr. SALTONSTALL, Mr. BRIDGES, Mr. YOUNG of North Dakota, Mrs. SMITH, and Mr. BYRD of Virginia to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 2929. An act to amend the National Defense Education Act of 1958 in order to repeal certain provisions requiring affidavits of belief; and

S. 3670. An act to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House to a joint resolution of the Senate of the following title:

S.J. Res. 39. Joint resolution proposing amendments to the Constitution of the United States to authorize Governors to fill temporary vacancies in the House of Representatives, to abolish tax and property

qualifications for electors in Federal elections, and to enfranchise the people of the District of Columbia.

CALL OF THE HOUSE

Mr. HOEVEN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 136]

Ashley	Hull	Moulder
Barden	Ikard	Patman
Blitch	Jackson	Powell
Bolling	Kearns	Randall
Bow	Kilburn	Roosevelt
Buckley	Kitchin	Shipley
Burdick	Kowalski	Taylor
Carnahan	Loser	Walter
Celler	McGovern	Williams
Dorn, S.C.	Morrow	Willis
Durham	Mitchell	Wilson
Foley	Morris, Okla.	Withrow

The SPEAKER. On this rollcall 396 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

LIMITATIONS ON CONSTRUCTION DIFFERENTIAL SUBSIDY

Mr. BONNER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 10644) to amend title V of the Merchant Marine Act, 1936, in order to remove certain limitations on the construction differential subsidy under such title, as amended, with Senate amendments thereto, disagree to the amendments of the Senate, and ask for a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. BONNER, THOMPSON of Louisiana, GEORGE P. MILLER, TOLLEFSON, and VAN PELT.

MUTUAL SECURITY AND RELATED AGENCIES APPROPRIATION BILL, 1961

Mr. PASSMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 12619) making appropriations for mutual security and related agencies for the fiscal year ending June 30, 1961, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 12619, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday there was pending the amendment offered by the gentleman from New York [Mr. TABER]. Without objection, the Clerk will rereport the

amendment offered by the gentleman from New York.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. TABER. On page 2, line 15, strike out "\$1,600,000,000" and insert in lieu thereof "\$1,800,000,000."

Mr. TABER. Mr. Chairman, this, to my mind, is the heart of the bill, and the question is, Do you want to carry forward a bill that will do some good and will help to make this program one which will be operated in the interest of the people of the United States? If we are going to do something of this kind, let us do it as near right as we can. I am only asking to restore to this item in the bill 50 percent of what has been cut by the committee in writing the bill.

The question resolves itself into how much money is needed to carry this thing on and do it in such manner that it would be of some value to the people of the United States.

I am going to quote just a word from General Palmer, the military officer in charge of this operation, and let me say that General Palmer has had great experience for several years as Chief of Staff under General Norstad over across the water. General Palmer said on page 2327 of the hearings:

The unexpended carryover will have fallen to approximately \$2 billion by June 30, 1960, and the program is also falling. The forecast of expenditure during the current fiscal year (fiscal year 1960) is \$1.83 billion, while it is forecast that the program in fiscal year 1961 will be marked by an expenditure of \$1.79 billion. In these 2 years there is a drastic drop of \$560 million below the rate of the preceding 5 years.

Now, we are getting to the point where there is hardly a 12-month period in the chain of merchandise being produced and delivered. We have got to have these things if we are going to help those countries across the water and to keep them in shape so that they can help us to keep communism from spreading. We have got to get things in shape for them so that they can do something. We have got to give them modern instruments of war. We have got to give them missiles, and those things cost a lot of money. It is absolutely necessary to do this if we are going to have any success in carrying forward the efforts that we are making to support the countries across the water—all of Europe, practically, outside of Russia. Turkey, Pakistan, Korea, Vietnam, Taiwan, the Philippines, and Indonesia, all of those places require help if they are going to have sufficient capacity to do the things that they need to do to keep the Communists contained.

Mr. Chairman, we are not asking for any more money than the expenditures will have been for this particular year.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TABER. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. TABER. We are not asking for more money than has been spent this year or will have been spent when the end of June comes. We are asking to keep the thing whirling and keep it up as well as it has been kept up.

Now, there has been some talk by some people that there were irregularities, but those irregularities have been reduced. For my own part, I propose to do some things myself that I never have done before in the line of following up some of these things to see what they are doing and how they are doing it, because I do not like to see any waste. But there are only a few things that a Member of Congress can do along those lines. But we have got to put forward this particular program, the one thing that is straight out and out, for the benefit of those who are helping us to contain communism and keep things from getting worse and worse as we go along. This amendment will just simply put the administration of the military aid situation back on a scale where it was for this year where the expenditures have been for last year and the year before. Now, if we do not do this, we are going to seriously handicap that program. Their expenditures will drop off, and the reserves that they have, of things coming through, will be dropping off much further than they have in years past, because we are getting down now to such a low figure in the unexpended balances.

Mr. Chairman, I hope that the members of the Committee will support this amendment.

Mr. PASSMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I ask unanimous permission to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. PASSMAN. Mr. Chairman, I have no telegrams from the President to fortify me in my statement this morning. But I do want to give you some information heretofore denied the committee, and at the outset I also want to repeat what I said yesterday, and that is that the total foreign aid program, since its inception, all phases of it, has exceeded \$100 billion and is now costing, overall, in excess of \$10 billion annually.

I think I should point out that even though this year tax revenues are unprecedentedly high, during the first 11 months and 13 days of this fiscal year we have already withdrawn from the Treasury \$4,772 million more than we have deposited in the Treasury. I should think that, knowing our public debt is \$289 billion, as of Monday morning, and knowing that we have withdrawn almost \$5 billion more from the Treasury than we have put in this fiscal year, we should give some careful thought to what we are doing.

The charge is being made today, but it is without foundation in fact, that we are wrecking the military assistance program. The same type of charge has been made every year for the past 5 years, but it has never been substantiated; and the charge will also prove to have been incorrect when we come be-

fore the House again next year. I say, Mr. Chairman, that during the previous 5 years, in which it has been my privilege to represent the committee on this bill, the Congress, in its wisdom, has reduced the President's requests by \$4 billion. And it has afterward been generally acknowledged, year after year, that sufficient funds had been provided and that the program had been improved as a result of the reductions. In addition to the \$4 billion overall cut in funds, in the military assistance program alone there were unobligated funds during this same period of \$783 million, money which they could not even obligate and these funds lapsed. Those are the facts and you cannot get around them.

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman.

Mr. RHODES of Arizona. Will the chairman tell the committee how much was unobligated this year?

Mr. PASSMAN. Not \$1 million of the \$783,653,000, the figure which I have used, is included this year. And I am not taking into account one single penny of unobligated funds, when I give these figures. I am giving the figures correctly.

Mr. Chairman, I want to say that we have had a very difficult time getting valid information. I hold in my hand a letter from the Department of State marked "Secret" and it contains a statement heretofore not revealed to the committee, as such. In the second paragraph of this highly secret letter it is stated:

These currencies make it possible for the country of origin to raise and maintain the forces considered essential by the United States.

Finally, the day before yesterday, we told the people downtown, indirectly, that if they did not declassify this information we were going to subpoena them for further testimony. So, I believe it was on Tuesday afternoon, the Department said that we could reveal these figures publicly for the first time.

There is a total of \$451 million of dollar equivalent in local currencies available for this military aid program that has never been mentioned to the membership of this House. This has been a secret document, but it is not secret this morning, and any Member may look at it.

I want to go a bit further, as I heard some of my friends who supported our position in the full committee state that they would vote to transfer funds out of some other account into this. I want to say, here and now, that it is not going to be necessary to do that because, as I speak to you this morning, and without taking into account any unobligated funds, the military program has \$1,600 million, plus cash receipts from the sale of military equipment of \$40 million.

I hold in my hand a letter from the Comptroller General stating amounts which legally could be transferred to military assistance on the morning of July 1 of this year. This total is \$259,980,400. So, we could argue the remainder of the day, Mr. Chairman, but it is a

matter of fact that there is now \$1,900 million cash which can be used in this military aid program by using the transferability clause, and without appropriating another dime.

If you do not think this committee is up against a tremendous job, let me say to you that I also hold in my hand a letter from the office of the Secretary of Defense, circulated in the Department of Defense, June 1, 1960, and it states:

Attached for your information is a list of the members of the House Appropriations Committee that have not been contacted as of this date relative to the mutual security program.

There are 24 members of the Appropriations Committee listed to be recipients of pressure to get this particular money.

Without the amendment the military assistance category has \$1,600 million of new money, plus \$40 million new money, plus transferability of \$259,980,000. The letters are here to back me up in that statement. This makes a total of \$1,900 million for military aid without the amendment.

This committee has worked hard and is entitled to your support. You let this thing get more out of control, and we will never be able to get it under control.

Proceeding, I quote now from page 135 of our subcommittee's hearings:

Mr. PASSMAN. We do have a program in Europe, under the NATO setup, through which we are appropriating American dollars to continue a military program in Europe?

Secretary HERTER. Yes, sir.

Mr. PASSMAN. Is it not true that we have contracts with nations which have had such a speedy recovery in their economy that, if it were not for the contracts, it would not be necessary to appropriate American dollars to carry out our commitments?

Secretary HERTER. Very true.

We have gotten ourselves involved in these contracts with nations which in many instances, are more able to pick up the military checks than we are; but we are involved in these contracts and we have to go through with them. The more money you give these people the more they are going to get us involved.

I have conferred with most of the leaders of both bodies who are especially concerned with military affairs. Among others, Senator RUSSELL told me that he had carefully considered our recommendations in detail and was convinced that the program was adequately financed.

Mr. EVINS. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Tennessee.

Mr. EVINS. I have been impressed with the diligence of the gentleman from Louisiana as have other Members of the House. I recall his statement that in the military assistance program we have supplied certain nations with more airplanes than they have pilots trained to use them. Is this the fact?

Mr. PASSMAN. To some countries we have supplied two planes for each pilot, and to others eight tanks for each crew. In another country they have placed much of the equipment in permanent storage. For five foreign countries in

which our subcommittee held hearings, and taking an accounting report on one other country, there was \$300 million in military equipment in excess of requirements.

Mr. EVINS. In other words, they have planes that have already been delivered to them that they are unable to use because of the lack of pilots and other military assistance that they do not have trained men to use.

Mr. PASSMAN. That is true, as of the time of the report.

Mr. EVINS. Mr. Chairman, will the gentleman yield further?

Mr. PASSMAN. I yield to the gentleman from Tennessee.

Mr. EVINS. I have had some difficulty in running down the total correct figures on expenditures on this program. I checked with the Library of Congress and with the Mutual Security Administration and with the Department of State. I have here some seven items, totaling some \$80 billion, that have gone into the foreign aid program in the years from 1949 to 1959.

First. Mutual aid programs—ICA, economic and military assistance, Development Loan Fund, and so forth, \$56 billion.

Second. Other grants and credits in postwar period—President's contingent fund, defense expenditures, and so forth, \$14 billion.

Third. Loan authority of Export-Import Bank, \$5 billion.

Fourth. American contribution to International Bank for Reconstruction and Development—contingent liability, \$4 billion.

Fifth. American contribution to World Bank for economic development loans, approximately \$1 billion.

Sixth. American contributions to International Monetary Fund—total liability of all countries \$14 billion—\$4 billion.

Seventh. American contributions to International Finance Corporation—total of all countries about \$100 million—\$35 million.

Total postwar aid, \$79,535 million, or approximately \$80 billion in 10 years.

In addition, grants and loans in unspecified amounts have been made to foreign governments by other agencies. I have not been able to obtain the figures for these: The Agriculture Department, Commodity Credit Corporation, Foreign Agricultural Service, Atomic Energy Commission, Commerce Department, General Services Administration, Interior Department, Treasury Department, U.S. Information Agency, and others.

In all, our country has provided loans, grants, and credits of more than \$80 billion.

Mr. PASSMAN. I might state that the total amount in the items to which you are referring is more than \$87 billion, with fiscal 1960 estimated. This does not include overseas military construction. If you put it all in, the total exceeds billions.

I might say to the gentleman that the total in the military assistance program alone has been \$25 billion in 60 nations since the inception of the program; and going into only 5 nations, and using an

accounting report for another country we found that they had material in excess of their requirements amounting to \$300 million.

Mr. EVINS. In other words, it amounts to \$86 billion rather than \$80 billion in the entire program?

Mr. PASSMAN. It amounts to more than \$87 billion, if you please, exclusive of overseas military construction.

Mr. EVINS. In the last few weeks, we have been rebuffed terribly in various parts of the world and I know that many are concerned about the possible effect that reductions in this program might have on our foreign relations. I might say in this connection that wasteful and extravagant throwing around of mutual aid funds is not a proper substitute for a carefully considered and carefully carried out foreign policy—and throwing in more money into wasteful and unnecessary projects will not cure the troubles we are suffering from as a nation in our relations with the rest of the world.

The issue is not the merit of the principle of mutual aid. Most of us recognize that the mutual aid program is a necessary part of our national defense policies and vitally important to building up the strength of our allies and friends against the ever-growing menace of communism throughout the world. I have always in the past supported the bill. However, the issue is the administration of the program which is far too loose and extravagant and wasteful. Throwing more and more money wastefully into this program will not improve the respect of the world toward us. More dollars is not the answer. But a new and vital approach is needed.

Mr. PASSMAN. There is another statement I would like to make, if I may. You do not replace this equipment every day. May I say that on an average about 92 percent of the equipment which we have provided is on hand and available for use.

I say to you, Mr. Chairman, we only want you to support us on the basis of the facts as they are. Let us keep this program under control. If you let these people cut loose as they want to do, you will never bring them under control.

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Kentucky.

Mr. CHELF. The question that is worrying me considerably and I feel is worrying a good man. Members of the House, especially those of us who have supported this program since it was originated by General Marshall—is—whether or not there is a sufficient amount of funds in this particular appropriations bill at this particular time to insure an adequate supply of aid to our weaker but friendly nations who want to hold the line against the advance of communism. Recent events, such as the summit fiasco last month and the existing situation in Japan have caused me to want to double check—take a fresh and clear inventory as to our needs insofar as this program is concerned. I know that the gentleman from Louisiana has made a careful, painstaking, conscientious, in-

telligent study of this entire matter and I also know that he is a great American—dedicated if you please to what is best for America—therefore I ask the gentleman this pointblank question—in the opinion of the gentleman—Is there sufficient funds in this bill in view of current events? If the gentleman can assure us of this fact—I sincerely believe many Members of the House would be more inclined to follow the recommendations of the Appropriations Committee. We just want to be sure of our step at this crucial moment. We cannot afford to be wrong.

Mr. PASSMAN. This bill provides \$300 million more this year for military assistance than we appropriated last year for this purpose. This is 23 percent more—I want to repeat—there is \$1,900 million available in the program without the amendment, if the transferability feature is used.

Mr. CHELF. Without question then—the gentleman assures us that there is a sufficient amount of money in this bill?

Mr. PASSMAN. There is more money than they need.

Mr. CHELF. I thank the distinguished gentleman for his forthright answer.

Mr. MAHON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I shall support the action of the Committee on Appropriations on this bill. I would not feel it appropriate at this time to repudiate the action of the subcommittee, which has worked so long and successfully in an effort to get the facts with respect to the foreign aid program and formulate a bill. Had I been writing the bill, I would have recommended some figures which are different from those in the pending measure. However, I have no doubt that in the final version of the bill, after it has been cleared by the other body, some different figures will be arrived at and those figures will be higher than those now before us. But, it seems to me today, we ought to go along with the bill, as presented to us, and let the executive branch make its appeal to the other body with respect to any changes which are thought desirable. Let the other body conduct its hearings and work its will.

In the Senate-House conference which will then follow I believe we can depend, as we have in the past, on the good judgment of the conferees to work out a bill that is reasonably satisfactory. It seems to me that is the best procedure. It is the safest procedure to follow. I therefore oppose the amendment of the gentleman from New York [Mr. TABER].

The gentleman from Kentucky [Mr. CHELF] has raised the issue of the impact on the foreign aid program of the humiliating experiences which we have sustained in Paris and more recently in Japan. In my judgment, our embarrassment at the summit and in Japan have not come about, even remotely, as a result of inadequate funding of our foreign aid program; and I say further—and I do not expect everyone to agree with me—our disappointing experiences in Japan and at the summit were not the result of American military weakness.

These things have come about as a result of a revolution in the world which is not solely related to the issue of military strength. Of course, our military strength is an important factor in the picture. The whole world knows, and I believe we all agree, that we have sufficient military strength to devastate any enemy who would dare attack us. It has been sufficient to deter attack.

The answer to our problem is not just money, more money. Some say that as a result of the unfavorable experiences of recent days foreign aid has been a failure and should be almost completely abandoned. Others argue that we need more foreign aid in the face of greater world tension. I reject both those arguments; I do not believe there is substance in either point of view.

I think the foreign aid program has done a great deal in stabilizing the world and saving the lives of millions of people and preserving freedom in many parts of the world. I have always voted for foreign aid, reserving the right to vote for modification and reductions, and I expect to do so again and probably vote for a higher figure by the time we finish with the bill in the Congress. What I am saying now is that we should support the committee and await further developments.

What we need more than money, Mr. Chairman, is a revitalization of our national purposes, a more resolute moral leadership on all levels, greater stability and firmness, and a steadfast determination on the part of our people to pay the price of world leadership; and the price of world leadership does not depend upon more and more dollars for foreign aid or even for the Department of Defense.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from New York.

Mr. TABER. Is the gentleman aware that in the past few years the other body has lowered instead of increasing these items?

Mr. MAHON. It has in some instances.

Mr. TABER. In this particular instance.

Mr. MAHON. And it may in this instance.

Mr. TABER. That would leave us high and dry.

Mr. MAHON. I believe that the figure in this bill, without being increased would not be too unreasonable with respect to our program for the forthcoming year.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PASSMAN. Mr. Chairman, I ask unanimous consent that the gentleman from Texas [Mr. MAHON] may proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield.

Mr. PASSMAN. May I state that during the period since I became chairman of the subcommittee the other body has

increased military assistance by \$1,210 million.

Mr. MAHON. We are coming to a national election. The people of our Nation are disturbed and confused as to what we should do. They are going to make some important decisions next November. It seems to me those of us who have gone along within reasonable limits on the mutual security program in the past can support this program today as embodied in the committee bill. I propose to stand with the committee at this juncture.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield.

Mr. FORD. I am sure the distinguished gentleman from Texas is familiar with the fact that last year the House figure for military assistance was \$1,300 million. The other body approved that identical figure; they did not raise it.

Two years ago the House approved for military assistance a figure of \$1,515,000,000. The other body maintained the same figure; they did not raise it. I therefore say that we cannot count on the other body in this year raising this figure for the military assistance program.

Mr. MAHON. I am not suggesting that the other body should raise the figure; but I will say that if the other body does not alter the figure, after it has heard the pleas from the agency, it will be pretty good evidence that the decision of the Appropriations Committee is reasonably sound.

Certainly this bill will provide adequate support until the next Congress convenes.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Louisiana.

Mr. PASSMAN. In the other body the military assistance program called for only \$1 billion. But, by agreement this was raised to \$1.3 billion and the House approved that figure. And, I repeat, in addition to that money, by using the transferability provisions, the President will have available \$1.9 billion for military aid, even without any additional appropriation.

Mr. HALLECK. Mr. Chairman, I rise in support of the pending amendment.

Mr. Chairman, may I say at the outset to some of those on both sides of the aisle who have not favored this program in the past that certainly in view of the circumstances existing in the world today this amendment should be supported.

The gentleman from Louisiana has no better friend than I. He is sincere, but we all know he has been something of a longtime foe of these programs.

The gentleman from Texas is certainly one of the best informed men in the whole country in the matter of the defense of our country, but as I listened to his speech I got the very definite impression that what is expected here is that the other body will increase this amount and that then we will come out with a greater total than is here provided.

In my opinion, the questions of the gentleman from Michigan have indicated that on this occasion we cannot and should not rely on any such supposition as that. I think we should take the action today that should be taken by adopting this amendment.

Mr. Chairman, a great deal has been said here and in other places about America's obligation and its position as the leader of the free world. But the overriding issue at stake in these deliberations is the maintenance of our own military strength and the preservation of our own security.

I have said before, and I say again that the term "foreign aid" is a complete misnomer. This is a mutual security appropriation bill, mutual security for the nations of the free world. That is what is important.

The gentleman from Louisiana said that he was not fortified with a telegram about this matter, but I would like to say to him that as the majority leader in the 80th Congress under a then Democratic President I responded to requests many times and took action pretty much on the word of President Truman when this program was initiated. Looking back, I do not think I made any mistake. So I say without apology that before his departure for the Far East the President did send telegrams to Members on both sides of the aisle, and I think that was properly done.

In his telegram, the President said:

THE WHITE HOUSE,

Washington, D.C., June 11, 1960.

HON. CHARLES HALLECK,
House of Representatives,
Washington, D.C.:

I understand that, in addition to other unfortunate reductions, the majority of Foreign Operations Subcommittee of the House Appropriations Committee has acted to cut the military assistance appropriation request by \$400 million and defense support by an additional \$75 million. This cannot but jeopardize our own security and the defense of the free world. Unavoidably the military assistance cut would compel America to withhold from her allies both in NATO and in the Far East the equipment required to maintain a respectable posture of defense. The defense support slash amounts in total to \$124 million below my original request and reduces this program by \$95 million below this year's level. This will force us to distribute a deficit among our allies rimming the Communist world from Korea to Turkey, to the detriment of all, or else to drop entirely from this powerful defensive system one or more nations important to us in order to sustain the others at an adequate level. I must be, as you know, in the Far East when these subcommittee actions are reviewed next week in the full committee and in the House of Representatives. For our own security and for the common defense of the free world I most earnestly request your cooperation in restoring these funds.

DWIGHT D. EISENHOWER.

By contributing to the free world's military and economic strength we provide through the mutual security program an essential part of the defense of our own Nation. I well remember the words of the late Senator Vandenberg when in speaking of these programs he consistently expressed the view it was our own national interest we were seeking

to protect. I believe that is as true today as it was then.

We seek to reinforce the efforts of our friends in the common defense. The strength we make possible is fundamental to the capacity and will of our allies to resist Communist threats and aggression. In that way it is fundamental to our own security and our own welfare. We know that the peace of the world is dangerously threatened by the Communist power bloc. We have done and are doing all that we can reasonably do to maintain and establish a true basis for a just and lasting peace. But the rude and ruthless action of the Soviet leaders has cast a chill on the free world. Free nations are faced with a calculated renewal of the cold war.

So, in this critical situation our Government and our people are faced with the problem and the duty of taking what action we can most effectively take to protect the interests of our own country.

Except for our own defense budget, probably the greatest single action within the power of the Congress to take in support of our Nation's security and defense of our free world association is to provide for a strong mutual security program. By such action we can make possible powerful defenses for our allies.

Since this program was initiated 12 years ago, the free world has made substantial gains in economic and military strength. We can see this plainly in the recovery of Western Europe. Allied armies receiving military assistance have increased from 3½ to 5 million men; allied navies have increased from 1,200 to 2,000 combat ships; allied air forces have increased from 16,000 to more than 25,000 aircraft.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. HALLECK. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. About one-half of these aircraft are jets. All of these forces are better trained, better equipped, and better able to perform their assigned missions in defense of the free world as a result of the mutual security program. And, what is important to our deliberations here today is that these significant gains in allied military strength have been achieved at a cost billions of dollars below what would have been needed to do the same job here at home. A program of military and economic assistance enacted by the 80th Congress kept Western Europe and Greece and Turkey from falling into Communist hands in the late 1940's. Communist aggression has been checked in Korea, Vietnam, and Laos, and at the Taiwan Strait. More recently, free world nations have resisted Soviet pressures and have stood firm under threats of rocket attacks. And, of course, we had the most recent threat delivered 3 weeks ago. But, again I say our allies have stood firm and it is in our own basic strategic interest to sup-

port them in resisting actual or threatened bloc aggression.

The events which have just taken place in Japan are an ominous reminder to us all of how relentless the Communists are in their efforts to undermine and destroy free nations in this area. We, on our part, in this day and in this age, must be even more resolute, else these subversive forces shall succeed.

To that end I am going to support this amendment, which restores not all of the cut, just part of the cut, that was made by the committee, away below the authorization we voted upon some time ago. And, I am going to support the amendments for defense support that will be offered later, and I also intend to support an amendment dealing with the prohibition of funds for the Indus waters program, a program carefully worked out over a 9-year period by World Bank President Eugene Black to resolve one of the great issues confronting the free world involving troubles between India and Pakistan. If this effort is repudiated by the Congress, one of the great diplomatic successes of the decade will collapse.

This is a nonpartisan matter. This program through all the years of its existence has been supported by both sides of the aisle, and it has been resisted on both sides of the aisle. Both national platforms of 1956 strongly supported it. I have no doubt that the platforms to be drawn up next month by both parties will once again strongly endorse it. As a matter of fact, every major candidate for President that I know anything about supports this program. So, I do not think that we can afford to impede the progress that needs to be made either under President Eisenhower or whatever President succeeds him in the White House, because in my opinion, as long as the great struggle continues in the world, the struggle that has broken out between the slave and the free, we will be put to it to defend ourselves by working with the free people who stand with us.

So, I say with the President, let us not jeopardize our own security. Let us face up to the responsibility which is ours and adopt these amendments. This program is above partisanship. The real issue is the security and the strength and the protection of our own country.

Mr. GARY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I certainly agree with the gentleman from Indiana that the time has come when we should look out for our security. If the events in the world today demonstrate anything, they demonstrate that nobody else is going to look out for us. If we do not look out for ourselves, we will soon find our resources exhausted and then we will really be alone in the world.

The Vice President of the United States was quoted in the paper 2 or 3 days ago as saying that this cold war is likely to last for 50 years.

I say to you without hesitation that in my judgment it will not last for 50 years if we continue to go on as we

have in the past few years, because we will not be able to last that long.

Let me give you a few figures. Fifty years ago was 1910. At that time our receipts were \$676 million, our expenditures \$694 million, and our public debt was \$1,147 million.

Fifty years is a long time, but let us say that the Vice President is half right. Let us go back 25 years for comparison. In 1935 our total budget receipts were \$3,730 million; the total expenditures were \$6,521 million. Our debt then was \$28,701 million. If the figures I am using are wrong it is the fault of the administration, because I am quoting from the Federal budget in brief, published by the Bureau of the Budget.

Now, that was 1935. In the last 25 years since 1935 we have balanced the budget only 5 times—5 times in 25 years. We have had a deficit in every year except 5. Let us see what the figures are today. For 1960 the expenditures are \$77 billion. The national debt as of last Monday, June 13, was \$289,300 million.

Do you think we can keep that up for 25 or 50 years? I do not think we can. The time has come when we must begin to consider these facts. One thing is absolutely certain—a bankrupt nation cannot defend itself. And let me give you one other figure here. Already so far this year we are \$4,772,354,000 over the receipts. That is, our expenditures for the 11 months and 13 days of the present fiscal year exceed our receipts by \$4,772 million. How can we keep that up?

We have got to stop and consider these programs in the light of our fiscal situation. Moreover, let me say, with all due respect to my very good friend, the gentleman from New York [Mr. TABER], that he and I have been on this committee together since it was first created; we have usually agreed. But I well remember during the debate on the bill for the fiscal year 1957 the gentleman from New York [Mr. TABER] spoke for an increase in funds for military assistance. He told us how necessary that increase was at that time. The House did not agree with him; they agreed with me. I felt the funds were sufficient. And what happened? The military program in that fiscal year ended up with a surplus of \$538,800,000. I ask the gentleman from New York, is not that correct?

Mr. TABER. Yes; that is correct; but the gentleman's statement with reference to the present condition of the Treasury is not, as I understand it.

Mr. GARY. I said that these were the administration figures.

The CHAIRMAN. The time of the gentleman from Virginia [Mr. GARY] has expired.

Mr. HALEY. Mr. Chairman, I ask unanimous consent that the gentleman from Virginia [Mr. GARY] may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. GARY. I shall be glad to yield to the gentleman from New York.

Mr. TABER. The gentleman has not taken into account income tax payments due June 15, that will be coming in between now and the 1st of July.

I think we can count on there being close to if not a balanced budget.

Mr. GARY. I said to the gentleman I was using the latest figures available. This is the daily statement of the U.S. Treasury on June 13, 1960. That does not take into account the collections of June 15 but I still say that this sheet shows that the deficit as of last Monday, June 13, is \$4,700 million. I am not going to attempt to predict what the June 15 collections will be. I am not going to attempt to predict what the deficit will be at the end of the year. I am simply using the latest figures available, and I am using Treasury figures.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Louisiana.

Mr. PASSMAN. Is that the latest statement?

Mr. GARY. They are the latest figures I have available. If I had later figures I would use them.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield.

Mr. CURTIS of Missouri. The gentleman is well aware of the fact that Treasury collections are highly seasonal and must be adjusted to get a fair picture.

Mr. GARY. I do not know how fair it will be, but we will get the picture for the year's operation at the end of the fiscal year. The gentleman can then discuss those figures. I will be glad to discuss them with him as soon as they are published. But I cannot anticipate what the figure is going to be next week or next month. They change so rapidly you cannot predict from day to day with any degree of accuracy.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Florida.

Mr. HALEY. Referring to the figures the gentleman has used here, is it not the fact that in 1953 the total indebtedness of the U.S. Government was approximately \$266 billion and today it is approximately \$289 billion, or roughly an increase of \$23 billion?

Mr. GARY. That is absolutely correct. At the end of 1953 the total indebtedness was \$266 billion and as of Monday, June 13, it was \$289 billion.

Mr. HALEY. The expenditures of the Federal Government in the last few years have increased approximately \$15 billion a year. We hear much of the fact that this is because of the rise in the cost of national defense, yet in 1952 the defense budget of this Nation was approximately \$40 billion and today it is still approximately \$40 billion, so the increase in the expenditures of this Government has been in domestic programs, not for the defense of this Nation.

Mr. GARY. I think that is correct.

Mr. PASSMAN. If the gentleman will yield further, the gentleman was chairman of this subcommittee for a number

of years, and he has consistently defended the concepts of the program from its inception. Is that a fact?

Mr. GARY. Yes.

Mr. PASSMAN. Is it not true that we have heard the same charge every year when we endeavored to make some adjustment in the bill, to the effect that we were wrecking the program, but in subsequent years those charges were proved unfounded?

Mr. GARY. That is absolutely correct.

Mr. PASSMAN. Does the gentleman believe there are adequate funds in every respect in this bill to protect our military assistance program?

Mr. GARY. There are ample funds in this bill to protect not only our military assistance program but our entire foreign aid program. I want to say that the gentleman from Louisiana, the chairman of our committee, is one of the best informed men in the Congress on this program. No one has worked harder than he has to obtain the facts concerning the program. Notwithstanding the fact that he has voted against the program in the past, I think he has bent over backward at all times to be fair. Certainly he has in this bill.

I say to you I would not support the amount in this bill if it had not been for the U-2 incident and for the failure of the summit conference, because I would consider it too high. I had hoped that we could cut this program to \$3 billion and possibly to \$2,500 million, but after the U-2 incident and the failure of the summit conference I felt that we ought not to take any chances. We have taken that into consideration, and it is my honest opinion that the bill is adequate.

Mr. FORD. Mr. Chairman, I move to strike out the last word. The pros and cons of this amendment, and this problem, have been well discussed, but I believe at this point it might be proper, and I hope helpful, to take up several points that, in my opinion, need reemphasis. Our distinguished chairman of the defense subcommittee, a man for whom I have the highest personal regard, in effect, has made the point that if we are wrong in this figure of \$1.6 billion for military assistance, we should not be concerned because the other body might protect us from our failures and come up with a figure more nearly accurate and right. There is logic to that point of view providing precedent indicated that they would make a change upward in these figures. The facts are for the last 2 years they have not. For the fiscal year 1959, we recommended and approved for military assistance a figure of \$1,515 million. The other body approved exactly the same figure. That was 2 years ago. For fiscal year 1960, the House approved a figure of \$1,300 million. The other body approved an identical figure. The point is we cannot expect that the other body will rescue us if we have made an error. My point is, first, that we should have the higher figure, based on military considerations. Secondly, the precedent establishes beyond any doubt that they will not go beyond what this body does in this area.

Mr. Chairman, earlier this afternoon, the distinguished chairman of this subcommittee, the gentleman from Louisiana, made a point that under the law it was possible to transfer \$259,980,400 from various appropriations to supplement the military assistance account providing the figures in this bill were approved and became law. I wonder if my distinguished chairman is advocating that these transfers be made, if this is enacted into law? Is he advocating, for example, that the figure recommended, that he urged our subcommittee to approve for the United Nations Children's Fund be depleted by the transferability that he advocates and recommends? I wonder if our distinguished chairman is suggesting to the House that his figure, that he proposed we approve in this bill, for technical cooperation, can be depleted by the transfer authority that he now says exists? I wonder if he is now saying, in effect, that the figures he has recommended in all these other areas are unsubstantiated.

Is he urging that the figures he proposed be changed downward? I think the distinguished chairman puts himself in a somewhat untenable position, inasmuch as he proposed to the subcommittee these precise figures without any charge.

Yes, it seems to me that you cannot escape the dilemma by now saying we should pull funds from this pocket and put them in the other pocket. Those programs are either sound on their merits—and the chairman recommended them—or they are not, and you cannot now come up and say they are unsound in order to help out in this current debate.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. PASSMAN. Mr. Chairman, I ask unanimous consent that the gentleman from Michigan [Mr. FORD] may proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. FORD. I shall be glad to.

Mr. PASSMAN. The gentleman from Louisiana has not recommended any such procedure as the gentleman from Michigan implies. The gentleman from Louisiana is merely referring to the law and providing the recapitulation supplied by the Comptroller General who stated, and I quote:

Amounts which legally could be transferred to military assistance if there is need for it.

I am not going to violate any of my obligations or responsibilities to maintain the secrecy of the subcommittee, but the gentleman knows that some Members on his side of the aisle wanted to cut in half the item he just mentioned.

The gentleman from Louisiana has not recommended anything such as has been implied; he is merely stating facts, and these facts are in the record.

Mr. FORD. If the gentleman is not recommending that the executive

branch do this, I do not see any substance to the argument which he makes about the right of transferability.

Mr. PASSMAN. The gentleman knows that year after year hundreds of millions of dollars of these funds are deobligated; and the gentleman knows that a lot of these programs put huge sums into what I have referred to as "phony obligations" and then come along later with deobligations. Last year \$150 million was deobligated after we went home.

Mr. FORD. Now, if I can turn to summarizing what I think is the basic justification of this amendment: Here we have a chart that shows that 9 years ago we had substantial funds in unexpended military assistance funds. This chart also shows that for the last 5 or 6 years we have made available in new obligational authority for this program of military assistance an average of about \$1,350 million. It also shows that for the same period of time we have expended for this program an average annually of about \$2.3 billion. In other words, we have been spending about a billion dollars more each year than we have been making available in new obligational authority. We have been able to do that for one concrete reason, that we had unexpended funds available from earlier years. We have drawn down those unexpended funds. We have now come to the point where we have in my opinion about reached the bottom of the barrel if we are to continue this program on this level.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. RHODES of Arizona. Mr. Chairman, I ask unanimous consent that the gentleman from Michigan may proceed for 2 additional minutes.

Mr. HAYS. Mr. Chairman, I object, and shall object to any further requests for extension of time.

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer a preferential motion. The Clerk read as follows:

Mr. HOFFMAN of Michigan moves that the Committee do now rise and report the bill back to the House with a recommendation that the enacting clause be stricken.

Mr. HOFFMAN of Michigan. Mr. Chairman, permit me to say there is no expectation that this motion will be adopted. Nor is it made solely for the purpose of getting an opportunity to speak, because unless revised, I expect to vote against the bill on final passage.

A LAUDABLE DESIRE BUT A FOOLISH POLICY—
TRIED BUT FOUND WANTING

There are two convincing reasons why this proposed appropriation should be drastically cut. There is still available, unexpended, something over \$5 billion.

The program had two objectives: the economic recovery of European countries devastated by war, and making permanent our national security. The proposal to extend financial aid to European countries "willing to assist in the task of recovery" was made by Secretary of

State Gen. George C. Marshall¹ at Harvard University on June 5, 1947.

The gentleman from Louisiana [Mr. PASSMAN], chairman of the Appropriations Subcommittee in charge of this bill, told us yesterday that we have, to further military and economic aid to other countries, appropriated \$100 billion. Though one of the purposes of the bill was the laudable one of aid to people less fortunate than ourselves, a justifiable desire was to strengthen and make ourselves strong from a military standpoint.

In a large degree, the first purpose, to promote economic recovery in other lands, has been accomplished—in fact, to such an extent that some of the nations we have aided are now successful competitors in the economic field.

The real purpose of the movement, that is, to purchase friendship and military aid from other countries, make ourselves secure, has not been attained. I challenge anyone to name the nation which, or the people who, when its or their own interest is adversely affected, will, to its detriment, come to our aid in time of emergency.

Much time might be used to prove that today, both economically, and militarily, we stand alone.

To demonstrate the truth of that statement, we need but to read the press, listen to radio, or watch TV, to learn that, throughout the world every nation and its people are in domestic trouble, but that in the overall picture, there is everywhere, notwithstanding our expenditure of billions of dollars, an active, strong segment of the population antagonistic to the United States of America.

The Vice President's visit to South America, Cuba's attitude toward us, yesterday's rioting in Tokyo and Japan's request that the President should not, because of the people's attitude, visit Japan, are but three of the outstanding occurrences which demonstrate the truth of the broad proposition that our foreign aid program, so far as purchasing good will or military security, has failed.

The pattern for the riot, for the seizure by the mob of Tokyo, but followed the communistic pattern pursued by Reuther in the sitdown strikes in Michigan in 1937.

The appropriation of billions of dollars for national defense, for the production of weapons is futile when we permit any organization to slow down or end production by a strike. The latest example, as shown by the press and radio, being the strike which has interfered with the production of perhaps one of our most effective weapons, the missile.²

¹ On Dec. 8, 1945, General Marshall told us he did not know where he was on the evening of the 7th when the Japanese struck Pearl Harbor.

² Washington Star—June 4, 1960:

"STRIKE CALL HITS MISSILE BASES

"SAN DIEGO, CALIF., June 4.—Convair machinists have called a strike at midnight tomorrow at Cape Canaveral, Fla., Vandenberg Air Force Base, Calif., and other key U.S. missile bases.

"Exactly what the effect will be remains to be seen.

THE OTHER PHASE OF THE PROBLEM

The objective of charity and faith, our laudable desire to help others, has been remarkably successful, but, unfortunately and unanticipated, to our own detriment.

Again, a book might be written demonstrating the truth of that statement.

Kindly, sensitive people and organizations, with the highest of motives, a burning desire to make all people happy and content, and strange as it may seem, certain union organizations, have advocated and have caused not only money and credit, but the know-how and technicians, to be sent to other lands to further our desire to aid.

Others have been helped, and today they not only have efficient and productive plants in countries throughout the world, but we have our own technicians, our own industrial plants producing products abroad which are returned to this country, sold in successful competition with the things made by our workers here, crowding our own products out of the market, and adding to the unemployment situation.

It is doubtful if there is a Member of this House who comes from an industrial district who cannot cite a specific example of the ruinous effect upon not only industry but employees here at home.

Such is the fact in my own district. Many, many times we have heard our Democratic colleague, the gentleman from West Virginia [Mr. BAILEY], who is so deeply interested in the people in his own district, complaining bitterly about the effect of foreign importations upon his own people.

In the brief moments allotted to me, comment cannot be made citing the various businesses and groups of individuals who have been adversely affected. Such citations are not necessary for they are a matter of common knowledge.

Today, as since the beginning of civilization, we can find and, if we choose, name individuals and groups who, unaware of the ultimate result, in an attempt to further their own interests, are following a course which will either bring us war or destroy us economically and impoverish us individually.

It might be added that it hurts to find myself in opposition to my very good personal friend and adjoining political neighbor from the Fifth District of Michigan [Mr. FORD], and I am very, very sorry I cannot go along with him. But I cannot vote to continue to give billions to other countries while we fail to meet the needs of our own people. I have somewhat less regret to find myself in disagreement with our minority leader because he lives a little farther away.

"The International Association of Machinists called the strike yesterday after turning down Convair's second contract offer.

"Work at two other big Convair plants in San Diego will be halted Monday. The stoppage will halt work on Atlas intercontinental missiles and Convair's new 880 and 660 jet transports, and the F-106 fighter, but workers are expected back Tuesday.

"On Wednesday Convair offered 27,295 machinists an 11-cent wage offer, and the union turned it down."

Let us by all means strengthen our own national defense, not by bases and airfields in other lands, which Russia has already told us will not be permitted to be used for observation and which, in case of war, will be used by our enemies; not by dollars which will be used in other countries for the production of war materiel, but here at home, in the production, through scientific aid, of the most improved defensive, destructive weapons; make our country, if that is possible, impregnable to the assault which any nation or group of nations may be either foolish or ambitious enough to make.

A more worthwhile, a clearer, more convincing statement will be found in an editorial in yesterday's Chicago Tribune, which reads as follows:

IRONIES IN FOREIGN AID

The House Republican policy committee, consisting of 30 gentlemen supposed to be the brains of the minority, has found a cause to fight for, and guess what it is. It's restoration of cuts in foreign aid voted by the Democratic majority of the House Appropriations Committee.

The Republican President asked \$4,175 million in foreign aid funds. The Appropriations Committee decided to trim that request by \$790.5 million. The committee adopted the recommendations of a subcommittee headed by Representative PASSMAN, of Louisiana, a Democrat.

Four Republicans on the full Appropriations Committee voted against the reduction, and the Republican policy committee concluded with this quartet that the cuts posed a threat to the security of the United States. Just how it was not stated, for the appropriation now coming to a vote still amounts to \$3,384.5 million, to which must be added \$4 billion previously appropriated but unspent funds, making the total available for handouts abroad \$7,384.5 million.

The Republicans who see the national security imperiled do not, curiously enough, urge full restoration, but feel that if \$250 million of the \$790.5 million reduction is put back in the appropriation, then the country will be safe again. Judgments of such refined character disclose shadings of understanding which will elude most citizens, for the difference either way is of slight consequence, except to the struggling taxpayers.

Foreign aid was initiated under Democratic administrations, and it used to be that the Democrats resisted cuts while the Republicans sought to obtain them. Now it is the other way around. A Democratic excursion in global dogooding, which, after an outlay of some \$85 billion, has yet to prove that it is productive of anything more significant than waste, becomes a Republican article of faith. We do not get it, nor do we think will most Republican voters.

Mr. YATES. Mr. Chairman, I rise in support of the pending amendment.

Mr. Chairman, I support this bill and I am in opposition to the pro forma amendment. I shall support the amendment which was offered by the gentleman from New York [Mr. TABER] because I believe it to be vitally necessary to the interest of our Nation. I disagree completely with the gentleman from Virginia [Mr. GARY], my very good friend. I do not think that the United States of America is bankrupt. I do not think we are going bankrupt. We certainly are not going bankrupt this year and that is what concerns us now. This is a spe-

cial year for the consideration of the pending bill.

Last year this bill might have been in order; the cuts, the restrictions in this bill might have been in order. But, the special events of recent days have given a new atmosphere to our relationships with the other nations of the world. This is a special time that deserves special consideration. This is a time for special action and not our usual reactions. We are threatened throughout the world by communism, and extravagant budget cutting is a luxury we cannot afford.

Mr. Chairman, whether we believe in the foreign policy of this administration or not—and I have been one of its severest critics on its foreign policy—we cannot permit the shattering of the cornerstone of our present foreign policy by passing this bill with its improvident provisions requiring the contraction of our strength. To do so would be to engage in what can only be described as unilateral disarmament. In my judgment that is the worst thing we can do at the present time.

Unquestionably there have been mistakes in this program. We have given military assistance to buttress unpopular dictatorships, and I have been opposed to such action. We have forced military assistance upon nations which could not support or completely utilize it, and I have been opposed to such actions. But the fact remains that we need this program because we have no other policy at the present time. Shall we, by passing this bill, obliterate, if you will, a working program however imperfect without having an alternative to take its place?

Mr. Chairman, we stand on the threshold of a new election. In November a new President will be elected, and whether he be a Republican or whether he be a Democrat, I think we must ask ourselves these questions: One, shall we make Mr. Eisenhower's overwhelming task even more difficult in the dying days of his tenure? Shall we contribute to a paltry inheritance of troublesome foreign relationships for the next President whether he be a Democrat or whether he be a Republican? Shall we contribute to shattering the cornerstone of our present foreign policy without having a suitable alternative, and thereby increase immeasurably the burdens which the new President will have to assume? It is true that it is our responsibility as Members of the Congress to pass upon this bill, but you must keep in mind that what we do on this bill, what the Congress does, will have a significant effect upon what the next President of the United States has to do when he takes office next January. Let us give him a program that is strong, not a skeleton of what the program should be. Let him decide if he wants to terminate it.

Mr. Chairman, I urge opposition to the preferential motion and I urge support for the amendment offered by the gentleman from New York.

The CHAIRMAN. The question is on the motion offered by the gentleman from Michigan [Mr. HOFFMAN].

The motion was rejected.

Mr. SIKES. Mr. Chairman, I move to strike out the last word and I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

Mr. MASON. I object, Mr. Chairman.

Mr. SIKES. Mr. Chairman, I see little relationship between the cuts that have been made in the foreign aid bill and the defense of America or of the free world. Therefore, I support the committee bill and I oppose this amendment.

I believe, Mr. Chairman, if we were to adopt this amendment, we would be resigning ourselves to a continuation indefinitely of the present unrealistic world situation. Remember, there is the sum of \$2 billion unexpended in this program now. This is the so-called leadtime or pipeline money. A sum of \$2 billion is not needed now for leadtime and pipeline. Our rate of production and our rate of delivery have been stepped up materially.

The facts show this is a much greater amount of money than is necessary for an unexpended balance. Everything which is desired by the proponents of the legislation, and which it is possible to accomplish, can be achieved by the bill as written. Therefore, there is sufficient money in the program as recommended by the committee.

Mr. Chairman, an additional \$200 million will not rehabilitate a program that needs spirit and determination and drive much more than it needs money. I have heard the arguments for this amendment. I know foreign troops can be maintained at less cost than U.S. troops. I know we need allies. I am not one who distrusts or downgrades our allies. But let us look around us at what is happening. For instance, we have contributed for years to the defense of Japan. We have put nearly \$700 million into a buildup of that nation's military strength. We have helped to develop a home defense force there of 150,000 troops. Our Department of Defense says that they are good troops; they say they are well trained, that they are reasonably well equipped from American stocks. But tell me this. Where were those 150,000 troops when the Japanese Government said that they could not be responsible for the safety of our President? Where is the return on America's investment, an investment of the type which is provided for many nations in this bill, when the armies to which we contributed abroad cannot even maintain or are not allowed to maintain order against domestic Communist disturbances?

Mr. Chairman, this is a shocking failure on the part of an ally to come through in time of need. And none has benefited more from American aid, economic as well as military, than has Japan.

American workmen and American manufacturers are crying for relief from the flood of Japanese goods which has been generated by this aid. If Japan will not use the resources built up by American dollars for the protection of

America's President on a good will visit then pray tell me when will those resources be used in the common good?

In the beginning, when much of the world was prostrate, I supported this program, I felt it was necessary. But the situation has changed very markedly. Europe and the rest of the free world are generally prosperous. But they are reluctant to accept their full measure of responsibility for world peace. And I am afraid that America's leadership has lapsed into the easy habit of using dollars as a substitute for strong diplomacy.

Mr. Chairman, the evidence, regrettably, does not show that we have received fair value for the defense billions already given to our allies in this long and costly 12-year program. The record, regrettably, does not show that our allies, with but one or two exceptions, are making a substantial contribution to the joint defense effort which is in keeping with their material well-being. Percentage-wise, our defense contributions are more than double those of nearly every member of the Western Alliance.

Let us look at NATO which has been prominently mentioned. NATO on which we have placed our major hopes, is far from being up to projected strength, strictly because of the failure of our allies to develop the pro rata forces which they agreed to contribute. In 1949 NATO commanders requested 90 divisions as a realistic force for the defense of Europe. By 1955, despite growing Soviet and Soviet satellite strength, a new figure of 30 divisions was established by Allied agreement as the irreducible minimum for NATO. How many divisions does NATO actually have in 1960? Fewer than 20. And of these, the U.S. forces are the major obstacle to enemy aggression. Our allies, who have been receiving American military aid through all these years, have not lived up to the measure of responsibility and effort to which they firmly committed themselves.

In other words, if Uncle Sam will do the job, they are going to let Uncle Sam do it.

Let us look a little further. This bill carries money for defense contributions to many small nations. This amendment would increase that contribution. Yet in many of them there is no realistic promise of effective use for the joint defense of the weapons and equipment which is given them. To arm some of them is a waste of time, effort, and money.

Let us face the fact that America's prestige has not been at a lower level worldwide in our time. The prestige of the democracies is dropping everywhere in the face of violent and ruthless tactics by the Communists and their cohorts. But the fact that diplomacy is finding itself unable to cope with today's problems is not an argument for more foreign aid. It is an argument for a realistic reappraisal by the United States and by our allies of what the future holds.

In the meantime, how long must we invent arguments with which to excuse our allies for the lack of mutuality in this program? How long must we try to

convince ourselves that there need not be a common acceptance of the need for a joint and equal sharing of the problems and the cost of defense against communism?

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. RHODES of Arizona. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, at this stage in the debate on the Taber amendment I feel it is a good idea to try to put the whole thing back into context and reconsider what we are really trying to do with the amendment.

This amendment is to the military assistance part of mutual security. Military assistance is the program by which we buy and deliver military hardware to the forces of our allies around the world. This is not special assistance, this is not technical cooperation, it does not deal with any other phases of this program; this is military assistance.

The committee has reported out \$1,600 million for this item. The President of the United States has asked for \$2 billion. The gentleman from New York has offered an amendment to raise the amount from \$1,600 million to \$1,800 million.

I want to point out to those of you who believe that anybody who offers an amendment might be a spendthrift that in the first place the gentleman from New York has never had that reputation and certainly does not deserve it, and in the second place, this is still a cut of 10 percent of the budget request of the President. In other words, if the amendment of the gentleman from New York is adopted, there will still be a cut of 10 percent. This is a pretty healthy cut, particularly in these times when we are worried and have reason to be worried about the security of the free world.

I reiterate what the gentleman from Michigan has already proved, and that is the fact that the other body does not historically raise the amount for military assistance. The amount which we pass will probably be the amount which will be in this bill when it goes to conference. As you know, there can be no raise in conference, so we will probably have only the figure as it appears when it leaves the House. As a result, I style this as the most important amendment we can possibly have.

A few moments ago, the gentleman from Louisiana, the distinguished chairman of the subcommittee, had on the rostrum a letter involving the use of local currency for military purposes. The implication was given that the amount of \$459 million in local currency is available for the military assistance program. I think the gentleman is well aware that that amount is available only in the category of defense support. I ask the gentleman from Louisiana if that is not so.

Mr. PASSMAN. I can tell the gentleman that I am reading the letter.

Mr. RHODES of Arizona. I do not want the gentleman to read the letter. Will the gentleman tell me whether or not he disagrees with my statement?

Mr. PASSMAN. I will tell the gentleman what they said.

Mr. RHODES of Arizona. The gentleman has read the letter.

Mr. PASSMAN. Will the gentleman permit me to reply?

Mr. RHODES of Arizona. Certainly.

Mr. PASSMAN. The letter states: These currencies make it possible for the country of origin to raise and maintain forces considered essential by the United States.

The letter was stamped "secret," and the amount is \$451 million, and that was also stamped "secret."

Mr. RHODES of Arizona. I do not yield further.

The program which we are talking about is to buy tanks, airplanes, and weapons; 90 percent of this money is spent in the United States. You do not pay for tanks, airplanes, and military weapons produced in the United States with anything but dollars. You do not pay for them in baht, or kip; you do not even pay for them in pounds or francs, you pay for them in dollars.

The \$459 million of local currency the gentleman has mentioned goes for the category of defense support. It is the second phase of defense support. As the gentleman well knows, the first phase is the purchase of capital equipment to go into these countries. This equipment is then bought by the people in the country and local currency is generated by the purchase. This local currency is available then for use in expanding the military program in the country which got the materiel in the first place.

Mr. TABER. Mr. Chairman, if I could have the attention of the gentleman from Louisiana [Mr. PASSMAN], is it not about time that we had some agreement as to when we would vote?

Mr. PASSMAN. Mr. Chairman, today is Friday and many Members would like to go. We have been on this amendment for 1½ hours already. I do not want to be accused of trying to cut off debate, therefore, I ask unanimous consent that all debate on the pending amendment close in 30 minutes with 30 seconds to be reserved for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The CHAIRMAN. Under the unanimous-consent agreement, each Member standing and seeking recognition to speak on the pending amendment will be recognized for 1½ minutes.

Mr. GROSS. Mr. Chairman, I yield back my 1½ minutes.

The CHAIRMAN. The Chair recognizes the gentleman from Vermont [Mr. MEYER].

Mr. WOLF. Mr. Chairman, I ask unanimous consent that the time allotted to me may be transferred to the gentleman from Vermont [Mr. MEYER].

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. MEYER. Mr. Chairman, I am opposed to this amendment. Last year I supported the mutual security appro-

priation, and I believe in many of the things it stands for and many of the things it does. But, I do believe we could be much more selective in the use of military funds abroad. We give a lot of hardware, a lot of planes and things to countries which cannot use them and do not need them to do things that really are not in the interest of those people. Furthermore, we have seen that some of these military funds are used for political purposes, which is not in the defense of the free world or in fulfillment of the general terms and purposes of this act. We have also found out in recent times that much of the money is being used for implementing nuclear agreements to provide nuclear weapons systems to countries abroad, some of which are not too reliable. I do not believe that is in the best interests of the United States. Therefore, if not so much money was available, we would be more selective as to how it would be used, and we would do much more good with it. Furthermore, the Committee on Foreign Affairs did not have an opportunity to examine the military portion in detail this year because of the nature of the vote on the legislation.

Mr. CURTIS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. MEYER. I do not have time; I have only 3 minutes.

Therefore, this much money should not have been authorized. By it I mean the \$2 billion figure, or even \$1,800 million. Therefore, I am opposed to the amendment.

I now yield to the gentleman from Massachusetts.

Mr. CURTIS of Massachusetts. Is it not a fact that the Foreign Affairs Committee examined the military assistance program in detail this year?

Mr. MEYER. Not the way it did last year.

Mr. CURTIS of Massachusetts. I beg to differ with the gentleman.

Mr. MEYER. I yield back the balance of my time.

The CHAIRMAN. The gentleman from California [Mr. CLEM MILLER] is recognized.

Mr. CLEM MILLER. Mr. Chairman, I take this time to ask a question that has not been covered thus far in the debate. I address the question primarily to the gentleman from Arizona [Mr. RHODES] because he came the closest to touching the subject, one which in my opinion is of very great consequence.

In all the debate yesterday and today on this military assistance program not a word has been said on the floor about the basic justification for it. My question deals particularly with the underdeveloped countries of South America and southeast Asia. Some say that we are actually hurting these countries and our own military position rather than the contrary. How do we justify this military assistance program with respect to those countries? How do we answer the allegation that the military assistance we give to many of these countries is destructive of our own best interest?

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield?

Mr. CLEM MILLER. I yield.

Mr. RHODES of Arizona. I regret the opportunity of not being able to explain it due to security limitations, but those are just the facts of life.

The gentleman has asked a good question and I am sure he can find the answer in the volumes at the committee desk.

Mr. CLEM MILLER. I think this is a thing which should be discussed on the floor of the House. We have had yards of figures and statistics, all begging the basic question of why we should support this program at all. I feel the Members are entitled to some justification before we are asked to vote, and fail to understand why it cannot be done in terms which do not offend security limitations.

The CHAIRMAN. The gentleman from Illinois [Mr. PUCINSKI], is recognized.

Mr. PUCINSKI. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and include a letter.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PUCINSKI. Mr. Chairman, I have taken this time to ask the chairman of the subcommittee a question. I recently received the following letter from the Helene Curtis Industries, Inc., which, while it is not in my district, being only a few blocks away, employs many of the people who do live in my congressional district:

DEAR SIR: The Associated Press this week carried a release indicating that the Arab League has banned Helene Curtis merchandise from distribution in those countries. This action is based entirely on the refusal of Helene Curtis to terminate its business activity in Israel.

We believe this action represents a situation that is of sufficient importance to be brought to your attention and weighed in the consideration of actions and activities of our Government in its relation with the Arab League countries.

The economic effect is of little importance in this instance inasmuch as the Arab League countries represent less than one-half of 1 percent of Helene Curtis foreign business. In contrast, many times that amount of business is effected by Helene Curtis in Israel alone. However, the principle involved here is vitally important.

The documents attached are photo copies of correspondence in our files and reflect an arbitrarily menacing, discriminating procedure on the part of the Arab League. We recognize full well the sovereign rights of these and other countries to handle their internal affairs as they see fit; however, the matter becomes more pertinent and immediate when such action is taken by countries which are now receiving aid from the United States and expect to receive further aid in the future. Helene Curtis, through its payment of taxes to the U.S. Government, is, therefore, aiding these countries to specifically discriminate against its ability to engage competitively in foreign commerce.

The file of letters attached represents correspondence with our distributor in Amman, Jordan, and has been repeated with our distributors in Beirut, Lebanon, and Cairo, Egypt, as well. Accordingly, we are, effective as of this date, removed from any opportunity to engage in business in the Arab League countries. We, obviously, have not the slightest intention of severing our business relations with our representatives in Israel.

We respectfully request and urge that a strong protest be made to the Arab League countries to the end that this discriminating action is lifted and our orderly conduct of business can continue in those countries. Your early attention and reply will be appreciated.

Very truly yours,
HELENE CURTIS INDUSTRIES, INC.,
GEORGE M. FACTOR, Vice President.

I should like to ask the chairman whether or not in this appropriation there is American financial assistance in any form to the Arab League.

Mr. PASSMAN. The answer is "Yes."

Mr. PUCINSKI. That being true, Mr. Chairman, it seems to me that there is something tragically incongruous when we permit a recipient of our generosity to retaliate against an American firm, an American manufacturer employing American citizens, because this American firm happens to do business with Israel.

I have asked the State Department to protest this unprovoked discrimination against an American manufacturer by the Arab League. It is inconceivable to me that we Americans can tolerate this conduct by the Arab League. If we fail to protest this conduct and silently accept such conduct by the Arab League, we are laying the foundation for a principle in international trade which ultimately could have devastating effects. Israel is one of our most reliable allies. If the principle of boycotting American firms because they do business with Israel—or with any other country for that matter—is permitted to continue, we are condoning a practice which eventually can destroy the entire structure of international trade. I hope the State Department will protest this completely unjustified practice by the Arab League. Otherwise, we should give serious consideration whether we want to continue economic or military assistance under the type of legislation we are considering today to nations which so brazenly discriminate against American manufacturers whose tax money constitutes a considerable part of the funds in our mutual security program.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

The gentleman from Minnesota [Mr. JUDD] is recognized.

Mr. JUDD. Mr. Chairman, I am sure that each person's vote on an amendment like this depends, first, on his own estimate of the seriousness of the world situation we face; and, secondly, on his estimate of who knows most about the situation and what is necessary to meet it successfully. In short, whose judgment is likely to be soundest? Whose advice are we to take?

We recently passed the Defense Department appropriation bill and we were assured here that the amount in it was adequate for our own Armed Forces. I understand that in view of recent events in the world the appropriate committee in the other body has increased our amount by a little over a billion dollars.

Our own Chiefs of Staff who are administering the military assistance program say that it is just as essential to our security as are our own Armed Forces. Yet, just when the other body increases

our estimates for our own forces by more than \$1 billion, we are here being urged to make a cut of \$400 million in appropriations for military assistance.

Now, am I to take the judgment and advice of Members of Congress however sincere, dedicated, devoted, and conscientious they may be, or am I going to take the advice, especially in this time of crisis, of those who are charged with our defense, and who know most about it? When they tell us this is just as essential to our security as are the appropriations for our own Armed Forces, I for one am going to take their advice. I am not willing to take responsibility for weakening my country's defenses.

We have heard today a lot about waste. We have considered this whole important and difficult question in the Foreign Affairs Committee, and we estimated 2 or 3 years ago that all the programs about which there were complaints at that time amounted to less than 4 percent of all the programs under the mutual security program. I wonder how many efforts by any government anywhere have a lower percentage of questionable projects.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. CURTIS].

Mr. CURTIS of Massachusetts. Mr. Chairman, I should like to take a moment to answer a question that was raised a few minutes ago about the effect on economies of other countries of this military assistance. I do not think it is violating any secret information to say that a major percent of the military assistance goes to countries on the perimeter of the Soviet bloc nations.

Let me mention one other point. We read every day in the papers the criticism that the defense of our country is not being adequately maintained, that further funds are needed. An amendment has received support in the Senate to provide \$3 billion in additional funds. It is inconsistent, in my opinion, now to cut down on military assistance when all of the testimony is that military assistance is just as valuable to our own defense as is the money provided for our own Defense Establishment.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Massachusetts. I yield to the gentleman from Minnesota.

Mr. JUDD. I thank the gentleman. It was figured out 2 or 3 years ago that all the programs about which there have been complaints of waste and grave mistakes are less than 5 percent of all the programs being carried out. But suppose it is 10 percent of the programs that do not succeed. Let us not forget the 90 percent that succeed. I have never known of a surgeon who could operate without losing some blood. He can avoid such loss of blood only by not operating at all; he will then just lose the patient. It is not possible to carry on a program like this, trying to save a free world, without some waste and without some mistakes being made. We must do our best to hold them to a minimum and this amendment, if adopted, still leaves a cut of 10 percent, as the gentleman from Arizona pointed out. Let us keep our attention on the 90 per-

cent that are succeeding and that are essential to our own defenses.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mrs. KELLY].

Mrs. KELLY. Mr. Chairman, I rise in support of the amendment offered by the gentleman from New York [Mr. TABER]. I cannot stress too emphatically that the failure of this amendment will mean the weakening of the NATO.

I should like to mention the fact that military assistance to NATO countries, including Greece and Turkey in this program, amounts to \$740 million. To the European NATO countries alone it would include \$459 million, which earmarks for infrastructure \$90 million; the weapon development program, \$40 million; the international military headquarters, \$11 million; weapons production, \$39 million; and the science program, \$1.2 million.

I do want to say that I feel we are spending too little on the production of conventional weapons. The importance of the manufacture of these weapons by our allies is most important to us.

In this program, Mr. Chairman, may I say that six European nations have agreed to buy about \$400 million worth of weapons from the European Producing Agency. This Agency will produce the anti-aircraft Hawk and the Sidewinder missiles.

I cannot emphasize enough the fact that there is not sufficient money in this program, there is not enough money in the pipeline, and I hope that every Member will support the amendment offered by the gentleman from New York.

I hesitate to repeat but our military assistance under the bill is an integral part of our national defense.

First. Any reduction in military assistance program falls most heavily in the area most critical to NATO—force improvement and modernization; this means NATO will bear the brunt of the cuts.

(a) Of the \$2 billion requested for MAP for fiscal year 1961, approximately one-fourth goes for relatively fixed charges such as infrastructure and international military headquarters. Little can be shaved off in these areas.

(b) Six hundred and fifteen million dollars is planned for force maintenance. Little or no reduction is possible in force maintenance since commonsense dictates that forces which we have equipped and trained at great expense and effort be kept in a good state of repair and readiness.

(c) Any cuts made will therefore be largely from the \$865 million for modernizing existing equipment and setting up new units and installations.

Approximately 80 percent of any cut would be taken in this area. Such a cut would proportionately reduce funds for missiles, electronics, modern aircraft and ships, tanks and combat vehicles, construction at missile bases and so on, which are vital to the effectiveness of forces allied with us, especially those of our NATO allies.

The \$300 million cut last year resulted in postponement of much essential force modernization in NATO countries.

Second. We recognize that European countries have made a remarkable recovery since the end of the war.

Restoration of a viable economy was the objective of the Marshall plan, and we are most gratified that it has been successful.

Evidence of this is found in the increasing number of countries able to meet their own military requirements and in the increasing contributions European nations are making to aid projects for underdeveloped countries.

Third. This economic progress, however, should not lead us to the false conclusion that European countries are in a position to assume all the costs of modernizing their military establishments.

(a) European countries, despite enormous strides, have to build their defense forces on a much narrower base than does the United States. The average per capita gross national product and level of private consumption is about one-third that of the United States.

(b) Total tax receipts of European NATO countries represent 30.9 percent of gross national product as against 24.9 percent of gross national product in the United States.

(c) Although average defense expenditures in European NATO countries are 5.6 percent of gross national product as against 9.7 percent in the United States, the lower average income and higher tax rates in Europe make the defense burden borne by the average European heavier than that borne by the average American.

Fourth. Despite the foregoing, the United States has urged in NATO forums and bilaterally that European NATO countries assume a larger share of the common defense burden, and they are doing so.

(a) In 1953 the United States was bearing 28 percent of the European defense burden; today we are carrying only 8 percent.

(b) Defense expenditures of European NATO countries rose from \$12.2 billion in 1958 to \$13.6 billion in 1959, an increase of 11 percent. Present indications are that they will rise to \$14.2 billion this year.

The Netherlands has planned a 9-percent increase in its budget for 1961; the United Kingdom has announced a 7.6-percent increase; Belgium and Italy are making increases of 3 and 4 percent, respectively.

Fifth. Even these increases in European defense budgets fall far short of what is required to provide General Norstad with the modern forces and equipment he requires to defend Europe and the United States.

New weapons are fantastically expensive to develop and produce and beyond the means of most of our European NATO partners.

Any cuts in the MAP will dangerously retard the modernization of General Norstad's forces and deprive him of the barest minimum of modern equipment needed in the European area, which is our own forward defense line.

Sixth. The Joint Chiefs of Staff make their strategic plans on the assumption that the United States can count on

effective allied contributions made possible by our military assistance program.

The Joint Chiefs have indicated that they would not want any increase in the U.S. defense budget if this is to be made at the expense of the military assistance program.

It seems clear, then, that it is just as important to vote the full amount of the military assistance program as it is to vote the full amount required for our own Defense Establishment.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, as we look around the world today and observe the new developments in Cuba, Korea, Turkey, and Japan, we must ask ourselves whether or not this foreign-aid program has been successful. It seems to me that we in the United States have a dual obligation. We have the primary obligation to keep ourselves strong economically and militarily, and we have an obligation, secondly, to provide inspiration, leadership and guidance to those countries throughout the world that need it, require it, and want it.

We too often, in my opinion, seek to solve our problems simply by voting dollars instead of providing the guidance and leadership we ought to provide. Here is such an instance. The amount that has been provided by the committee is adequate if wisely used. Let us, I say, keep ourselves strong here at home and not seek to solve the problems of the world by simply voting additional dollars.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. COLLIER].

Mr. COLLIER. Mr. Chairman, the debate on the mutual security appropriations bill makes it eminently clear to me that this program is in need of an agonizing reappraisal, as I have contended repeatedly for the past 4 years. It is most unfortunate that every taxpayer in this country could not have heard the debate which brought forth the findings of committee members who spent countless hours in studying the use of these funds, not only through departmental reports but from their on-the-scene investigations in recipient foreign countries.

There are those who have expressed their ardent support of this program because they feel that its purpose is lofty in ideal and principle. While that may be entirely true, we who are charged with the responsibility of legislating must certainly go to the core of every appropriations bill and exercise the power and authority invested in each of us in remedying waste and inadequacies.

During the years I have had the privilege of serving in the Congress of the United States, evidence of great waste in this program has been presented to each of us. Yet, while we are expected to blindly, perhaps, approve billions in appropriations, we are actually left with no real authority to see that those administering the program are doing the job intended to be done. Neither are we given an opportunity to vote funds for the various phases of the mutual security

program on a discriminating basis. Instead, year after year we are presented a bill calling for astronomical sums of funds tightly packaged into a single measure of legislation, embracing military, economic, and technical assistance in round sum figures—and offered on a take-it-or-leave-it basis.

Apparently many of those in charge of administering the program feel that it has become one of the many "sacred cows" which provide Members of Congress with no alternative but to vote the funds or be charged with an attitude of indifference toward our national security. We are obliged, in the name of preserving freedom and democracy, to vote funds for a Communist Yugoslavia and contributing to Communist-dominated Poland. We are told today that our contribution of funds to Japan, for example, must be kept a secret, even from Members of Congress. And there are other areas of assistance which are cloaked in complete secrecy.

I ask you, are we responsible if we legislate the expenditure of tax funds in a bill that is punctuated with blind spots as is this one? Are we responsible if we approve increased expenditures of funds while evidence of waste is right before us?

We were told in years past that we should grant assistance until certain nations were able to build their own economies through a favorable trade balance in the world. Yet we have witnessed in the past year a trade deficit with Japan and a net trade deficit with all of Latin America. And if we exclude the shipment of surplus agricultural commodities last year, we find ourselves with a trade deficit with Europe.

We have evidence that under the military assistance program in one nation we supplied two jet fighter planes for each pilot capable of operating this equipment in that country. Other examples of waste too numerous to mention at this time have been laid before us without dispute, even from the strongest proponents of this program.

National security, even when it is called mutual security, is not a one-way street. It is built upon the foundation of a sound financial system and such programs as can properly justify the faith and the confidence of the American people.

It is no secret that today the United States of America is burdened with a staggering debt which exceeds by billions of dollars the total indebtedness of all of the other nations of the world, including the Soviet Union. It is no secret that today our gold reserves stand at about \$19 billion, with demandable securities requiring some \$13 billion of this amount. Our foreign dollar credits stand at approximately \$18 billion. Hence, if they should decide to call the gold for these dollar credits, which they certainly could do, the value of our dollar could become all but worthless.

The present mutual security program employs 44,000 people, plus 10,000 trainees scattered across 77 nations of the world. In view of the record, who is prepared to believe that a reappraisal of this personnel would not result in

savings of the American tax dollar without reducing the effectiveness of the program?

There are those among us who apparently feel that it is their responsibility to simply approve the appropriations requested and trust that the waste and inefficiency will be cured by time and understanding. Is it not true that certain of those administering the program testified that they had not bothered to give any particular consideration to the recommendations of the Committee on Appropriations, where such recommendations were directed to a more efficient procedure or limitations on the spending? Certainly we cannot assume that Congress should not have some authority or control of any funds which it is obliged to approve, nor can we assume that this program has sprawled in so many areas that there are points of no return. It is not for me to question the judgment of those who feel that we must go on with this program as we have in the past for an indefinite period. Neither is it for me to question their judgment as to whether the future will disparagingly prove that this program was a noble effort which failed to accomplish its purposes, or whether it will enhance any desire on the part of our allies to seek out a free way of life or, for that matter, to even keep some of the neutral nations status quo in this cold war.

Instead, I contend from my personal viewpoint that, unless we do meet the problem squarely, we can look for little more than its ultimate collapse under its own weight. The decision that must be made, particularly at a time like this, demands a great deal of soul-searching. Yet it does not relieve those who share the same deep reservations as I of our task of being practical and responsible legislators.

The CHAIRMAN. The Chair recognizes the gentleman from Wyoming [Mr. THOMSON].

Mr. THOMSON of Wyoming. Mr. Chairman, I rise in support of this amendment to restore these funds to the military assistance program. Failure to restore them would, in my opinion, be contrary to the best interests and the security of the United States.

As a member of the Defense Subcommittee of the House Appropriations Committee, I am particularly aware of the importance to our overall defense program of the forces that would be affected by this cut. I am convinced that these cuts, if not restored, would seriously weaken the defenses of this country and of the free world. The President and all of our military leaders whom I have heard testify or with whom I have discussed this are of this opinion. Under these circumstances and with world conditions as they are today, I support the amendment to restore these military assistance funds.

With these forces being an important portion of our defense program, they must be maintained at adequate strength and equipped with modern weapons so that they can make a full contribution of our overall deterrent. As has been pointed out by members of the subcommittee which considered this bill, this cut

in appropriations goes too deep and unless restored, would have serious consequences. Without these funds, some of our allies who have proven themselves to be most effective cannot possibly maintain their forces at anticipated levels. Many of these countries have common borders with the Sino-Soviet bloc. Furthermore, the cuts, if allowed to stand, would seriously impair the effectiveness of the NATO alliance. This would be particularly serious because it would deny to these forces the modern weapons essential for a maximum contribution to providing the necessary deterrent. The testimony clearly indicates that the funds eliminated must necessarily be taken from funds to provide to NATO missiles, electronic equipment, and other modern weapons.

Under these circumstances, I support the restoration of the funds as provided in this amendment.

I have consistently and vigorously objected to the inclusion of both military assistance and foreign economic aid in the same legislation. That they are considered together again this year presents an even more difficult situation and one which, in my opinion, is unfair to the membership of the House. This confuses the issue and denies to many of the Members of the House, including myself, the opportunity to vote our true convictions.

I have consistently supported the military assistance program, and will continue to do so as long as it is kept on a sound basis.

In spite of my support for military assistance, I have consistently voted against this appropriation because of my strong objections to a major part of the foreign economic aid portion of the bill. I am fully aware of our obligations as a leader of the free world, particularly as far as assisting the underdeveloped nations. To accomplish our objectives, however, and in fairness to the American taxpayer, any assistance should be placed on a sound loan basis. We cannot expect to run a welfare program for the world.

The present program builds bureaucracy at its worst.

Rather than this, countries desiring assistance should send their Ben Franklins to us. We should carefully examine the proposals to know that they are sound and will accomplish their objectives. The program should be designed to encourage these countries to stand with us, rather than to continue to lean on us.

Furthermore, a sound foreign trade policy must be developed as a condition precedent. In fairness to American laboring men, businessmen and farmers, we cannot continue to permit their taxpayers' dollars to be used to build production facilities abroad, and the products thereof to be exported to this country in unlimited quantities. To permit this further detracts from the accomplishment of our objectives. These products are needed in those countries to raise their standard of living. What we are trying to do is to raise the standard of living of these countries, not to lower our own.

I believe that further cuts should have been made in some of the nonmilitary programs. Others, I believe, should be entirely eliminated. The whole program should be reoriented. The bill will pass. To voice my protest and convictions on the foreign economic aid, I will vote against it on final passage. I will support amendments to cut these programs.

I do, however, believe that the military assistance funds should be restored as proposed in this amendment, and I urge its adoption.

The CHAIRMAN. The chair recognizes the gentleman from New York [Mr. DORN].

Mr. DORN of New York. Mr. Chairman, I support this amendment because I believe it is in the best interests of the security of our country.

Surely there is not one among us who is not fully aware of the tenor of the world situation as it is today. If anything more were needed to convince us of the necessity of adequate military assistance to our friends, we need only examine the events of the past month. Rather than cut our expenditures for defense we should increase them. I submit that military assistance is not an altruistic move on the part of the United States, but rather one which is designed to make more secure our own self-defense. As we are able to give to our friends an increased sense of stability and self-protection, so also will we be increasing our own protection and strengthening the entire free world in their effort to achieve world peace.

The President of the United States has dedicated himself and his administration to doing as much as is humanly possible to achieve a peaceful world. The President is also well versed in what is necessary in the way of military strength to maintain peace. I believe the record will show conclusively that the President is also economy minded. It is for these reasons that I believe he has requested the least possible amount which would be commensurate with our national economy, to achieve the most in the way of national defense.

It has been brought up that one of the reasons for the cutback on the President's request is the size of the unexpended balances of previous years. Yet the military cannot develop new arms, new defenses and new methods and provide these modern armaments to our friends in a matter of 2 weeks, or 2 years. The very logistics of the situation demand that the military remain unshackled in its ability to do this. No men have been better trained in the knowledge and the needs of armed forces for the protection of our own country and of the free world than those who have dedicated their services to the military forces.

So I say to you, in the name of national defense, world defense, and our peace of mind, we should adopt this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. CANFIELD].

Mr. CANFIELD. Mr. Chairman, millions of free people at home and abroad

and millions of others who yearn to be free in Soviet-dominated lands are concerned about what we do here in this Chamber today.

Deeply concerned here at home, of course, are our President and Commander in Chief, the Joint Chiefs of Staff, our Supreme Allied Commander in Europe, America's industrial leaders, those who head the AFL-CIO representing our workingmen, our veterans and patriotic organizations, women's clubs and voters leagues, who have spoken out most strongly for restoration of cuts in the programs.

I am retiring next January after many years of service in the Congress. I am not running for reelection. But if I were, I would be doubly anxious to vote right in this hour and I shall tell you why.

The state of the world is such that we cannot gamble and there is still fresh in my mind that day right here on this floor 3 years ago when we had up for debate and vote the defense appropriation bill which had been cut \$2 billion by the House Appropriations Committee. Projecting the bill on the floor, members of the committee boasted that every phase of the military program in the bill had been cut, including missiles.

I was among those who protested in committee and on the floor and I was permitted to make the recommittal motion calling for partial restoration of the extraordinary slash. The motion was defeated in a record vote and the bill was passed.

What happened? The aftermath was both revealing and startling. Within a few months the Russian sputnik hit the skies and you will never know the number of Members who rushed to the records to check on their votes on the defense appropriation bill.

No one can deny that there has been maladministration and waste in the mutual security programs and in this respect committees of the Congress failing to pursue proper policing of expenditures are partly responsible. Furthermore, the charge made by the distinguished chairman of the subcommittee that the larger programs embraced in the bill never had the "best kind of administrators" can be well supported. Most certainly the answer is not to kill the programs.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. GALLAGHER].

Mr. COFFIN. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from Maine.

Mr. COFFIN. Before the gentleman begins, may I just urge my colleagues on our side of the aisle that under the circumstances that face us today, if they are in doubt as to this particular item, the course of prudence is to err on the side of caution.

I cannot stress too strongly the necessity to back this limited restoration of this part of the program.

Mr. GALLAGHER. Mr. Chairman, I should like to point out that responsibility for the passage of this bill is ours and not that of the other body. I rise in

support of the amendment, and should like to refer to the reasons that have been cited here today, including events in Japan, as reasons to abandon the program. They are reasons for us to rededicate ourselves to the program so as not to play into the hands of the people who caused these events in Japan.

I hope that we will recognize our own position and be responsive to the national purpose, as the opponents of the program have suggested. The national purpose is to recognize our responsibilities and obligations. Certainly we must rely on our Government, the people in our Government who have provided us with the facts. And, I might say, as a member of the Committee on Foreign Affairs, that we have been awakened to our needs. I sincerely urge the passage of this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. HORAN].

Mr. HORAN. Mr. Chairman, I was one of those who voted against this amendment when it was offered in the full committee last Friday. I was against it because I thought there was too much waste and there were too many unnecessary projects in this program. I trust that this debate which I think has been intelligent and has shown sincerity on both sides, will serve notice on the administration of this program that they must clean up those places that need to be cleaned up.

Mr. Chairman, the events of the weekend and the current situation have caused me to change my mind and I will vote for this amendment simply because I think that the administration, not the Congress, has the great responsibility that exists in the world right now. I would be remiss in my obligations as an American if I took any tools from the hands of those who have the great responsibility in this year of our Lord, 1960.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. CONTE].

Mr. FORD. Mr. Chairman, I ask unanimous consent that the gentleman from New York [Mr. TABER] and I may yield our time to the gentleman from Massachusetts [Mr. CONTE].

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CONTE. Mr. Chairman, I rise in support of the amendment to the military assistance program. As the gentleman from Michigan [Mr. FORD] so ably brought forth yesterday, the pipeline of the military assistance program in the last 7 years has gone down from \$8 billion to an unexpended balance of \$2 billion at the present time. We are scraping the bottom of the barrel, and at these times of world tension and unrest the military assistance pipeline has reached a most dangerous low level.

Mr. Dillon, in answer to a question propounded by the chairman of our subcommittee, page 179 of the mutual security appropriations hearings for 1961 stated:

It costs us about \$1.2 billion, something in that neighborhood, merely to maintain the

forces that are presently in the field, such as the Korean forces, so if you were to cut sharply below that level it would mean that these forces would have to be disbanded and that would certainly sharply impair our national security position.

Any cut between roughly the \$2 billion level and the \$1.3 billion level would come out of modernization.

Mr. Chairman, Gen. Lauris Norstad, supreme allied commander, European Department of Defense, concurred in these statements made by Secretary Dillon. General Norstad, in answer to a question on whether our military assistance has paid dividends in Europe, said on page 515 of same hearings, "in 1951, the question was not whether there will be a war. The question then was what month of this year will the war start? I would like to point out that in 1960 no one in his right mind asks that question. This is a tremendous change. This change can be credited to the fact that we have faced up to the Soviets, we have shown our determination to resist them, and then we have systematically created some reasonable strength with which to confront them. This has given substance to our words, so this has meant in my judgment a better place to live in at least for 10 years, an increasingly better place to live in for 10 years. It has contributed to the prevention of war in that period, and it continues to be necessary for those same reasons."

Mr. Chairman, because of my deep concern over the \$400 million cut in the military assistance program, I wired General Norstad in Paris last Friday morning and asked him what effect the \$400 million cut would have on the military assistance program in NATO. I would like to read General Norstad's answer which I received Monday morning:

Conclusions in your wire essentially correct. Since any significant reduction in funds available for the maintenance of required forces would soon be reflected in the loss of some part of those forces as effective combat elements, nearly all of cut would have to come from force improvements. On a straight percentage basis, our computations indicate that a 20 percent cut in fiscal year 1961 worldwide MAP would result in reducing funds available to NATO for force improvement by \$235 million.

To effect a cut of such magnitude on the NATO program would mean an approximate 50 percent reduction in all modernization proposed in the fiscal year 1961 MAP, primarily aircraft, missile systems, and advance weapons. Of the \$271 million remaining for force improvement, approximately one-half is required to support previous U.S. Government commitments for the Nike, Honest John, and other advanced weapons systems and, in addition, certain advanced naval weapons, all required to strengthen NATO defense. The balance of \$136 million would have to be redistributed to support the other force improvement requirements which under the fiscal year 1961 MAP require \$371 million. This would mean that serious cuts would have to be made in electronic ground environment for NATO air defense, advanced aircraft, other modern aircraft, missile systems, and other modernization.

During my appearance before congressional committees in March of this year, I emphasized my belief in the principle that our NATO allies should contribute their fair share to the common defense effort. Those NATO countries that have the ability are

assuming—I repeat, they are assuming—a larger share of the common defense responsibilities. On the other hand it was emphasized—and I repeat now, it was emphasized—that the United States must continue to provide a major contribution to the provision of necessary advanced weapons and to force improvement. In this connection, a fact to be remembered is that almost all of this modern equipment comes from American production.

Without the weapons systems, without the other force improvements proposed in the fiscal year 1961 MAP now being considered by the Congress, increasing obsolescence will mean that we cannot even maintain the level of strength and effectiveness which obtains today. Considered in the context of our times, surely our policy must be one of maintaining a sound and strong defense posture. To this posture, NATO makes a most essential contribution.

With warm regards.

Sincerely,

LAURIS NORSTAD.

I believe we would do well to pay heed to General Norstad's advice. I am sure that all will agree that General Norstad is in a position to know the problems confronting the United States and the other NATO countries. I trust that this House will see the wisdom of at least partially restoring the cuts to the military assistance program.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. ARENDS].

Mrs. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from Illinois.

Mrs. CHURCH. May I say to the gentleman, even though I am a strong and honest critic of the program, that I certainly would not take the responsibility of risking the security of this country at this time, through what might in emergency prove to be inadequate military assistance to our allies. I shall vote for the amendment.

Mr. ARENDS. I thank the gentleman from Illinois very much.

Mr. Chairman, just recently this House passed an appropriation bill for national defense of approximately \$39.5 billion. Since that time by Senate action this appropriation has been increased at least \$2 or \$3 billions. No Member hesitated in any way to vote for these funds for the defense of this country. The item here today involves \$200 million compared with \$40 billion in the Defense Department appropriation bill. We are here debating whether we are going to take the chance of shortchanging NATO and others of our allies who need this military help. In passing the Defense Department appropriation bill we put our faith in whom? The Secretary of Defense, the Joint Chiefs of Staff, and in the man in the White House. I would just like to remind the membership of this House that here again we should place our confidence in the same individuals we did when we voted on the \$40 billion for national defense.

As our fine Secretary of Defense has so ably stated it:

In spending military assistance funds, it is necessary first to maintain existing allied forces in good working order and conserve the investment already made. Therefore the proposed reduction must come from cutting

down on force improvement, that is, postponing indefinitely the newer weapons. Eighty percent of any cut below the budget request must be absorbed in equipment for force improvement, which includes missiles, electronic equipment, modern aircraft and ships, modernized tanks and combat vehicles, and the like.

The impact of the proposed cuts would fall most heavily on NATO, which also bore the greatest weight of last year's appropriation cut.

The CHAIRMAN. The Chair recognizes the gentleman from Arizona [Mr. RHODES].

Mr. RHODES of Arizona. Mr. Chairman, this, again, is the military assistance bill. This is the part of the bill which buys the hardware for our allies around the world. The gentleman from New York [Mr. TABER] has said this is the most important part of the bill, and I do not think there is any doubt about it. I am not one to yield to other people my prerogative of decision as a Member of the House. However, all we can do in considering this type of legislation is to look at the best opinion we have available. I merely want to read a part of this communication from Secretary of Defense Gates. It is dated June 15, 1960. In this communication, he states as follows:

The Joint Chiefs of Staff all stated that they would not take one dollar away from the military assistance program in order to augment the funds for their own services. Military assistance is just as much a part of our own national defense as are the appropriations for our Army, Navy, Air Force, Central Intelligence Agency, and the Atomic Energy Commission.

Mr. Chairman, I ask that this amendment be adopted.

Mr. BOLAND. Mr. Chairman, I rise in support of amendments to restore cuts in the mutual security appropriation bill, that will be offered by the distinguished ranking minority member of the Appropriations Committee, the gentleman from New York [Mr. TABER], and the gentleman from Michigan [Mr. FORD]. I will also support the amendment of my colleague, the gentleman from Illinois [Mr. YATES], to strike from this bill the prohibition of U.S. contribution to the Indus River Basin project.

SUPPORTS TABER AMENDMENT

The Taber amendment would restore \$200 million for military assistance. The bill recommends \$1.6 billion, a reduction of \$400 million below President Eisenhower's request of \$2 billion. Military assistance is an essential part of the American national defense program. A \$400 million cut will fall with the most damaging effect on one of the greatest needs of our common defense program: the modernization of equipment of our major allies, particularly in NATO, but also in the Far East. If we do not restore these funds we will lose ground already gained with great expense and effort in building up the strength of our allies. We will also be compelled to reduce modernization programs. The money is needed to supply allied forces with advanced weapons, missiles, electronic equipment, high performance airplanes and ships, tanks and combat

vehicles. Most of this materiel is of such an advanced nature that only the United States can supply it. Our allies are not equipped to make it themselves.

SUPPORTS FORD AMENDMENT

Mr. Chairman, the Ford amendment would restore \$50 million for defense support. The bill appropriates \$600 million, a reduction of \$75 million below the \$675 million authorization and of \$124 million below President Eisenhower's request of \$724 million.

The President pointed out in his telegram of June 11 to congressional leaders that if this cut is not restored we, the United States, would have to reduce all along the line the strength of the defense maintained by our allies in our common interest, or in order to maintain full strength in some countries, we will have to abandon or seriously limit our help to some countries. In view of the stepped-up Communist pressures throughout the world since the collapse of the summit conference at Paris, either of these courses could be disastrous for the United States and its allies.

The Ford amendment asks that \$50 million be restored. This \$650 million defense support appropriation would make it possible for 12 of our allies to maintain the strong military forces we want them to maintain and for which we provide them with military assistance. It will also make it possible for these nations to have the strength and courage to make available to the U.S. bases of critical importance to our Strategic Air Command, our naval forces, and our military power generally.

The importance of these countries is apparent from a glance at their locations on the map. These nations—Greece, Turkey, Iran, Pakistan, Thailand, Laos, Cambodia, Vietnam, the Philippines, the Republic of China—Formosa, and the Republic of Korea—are on the very borders of the Soviet Union and Red China. Together they provide nearly 3 million armed forces. They are in the most dangerous positions of all our allies.

The 12th nation, Spain, a little more distant from Communist power, helps the United States in the vital role of providing us with most important air bases and naval bases. In addition, the United States has significant bases in Turkey, Greece, Korea, and the Philippines. The restoration \$50 million in defense support funds is all that the Ford amendment asks. This is a minimum request and the Members should support the amendment. We all heard our colleague, Mr. RHODES of Arizona, give an eloquent, precise and lucid explanation of the necessity for this program during debate yesterday. He is to be commended for his efforts.

SUPPORTS INDUS RIVER BASIN PROJECT

Mr. Chairman, section 107 of the bill prohibits the use of funds appropriated therein for the development of the Indus Basin. I sincerely hope that the Yates amendment to remove this prohibition prevails. The provision of funds for this purpose would not only serve to contribute in a major way to the economic development of the vast subcontinent of

Asia, but would also contribute materially to the improvement of relations between India and Pakistan. Only the Soviet Union and Red China could benefit from failure of India and Pakistan to settle their disputes. With this Indus River Basin settlement plan the United States is in a position to make a major contribution to world peace, to strengthen the Western orientation of nearly 500 million people and to secure the participation of other industrialized nations in the financing of the costs.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. GARY].

Mr. GARY. Mr. Chairman, I ask unanimous consent to yield my time to the chairman of the subcommittee, the gentleman from Louisiana [Mr. PASSMAN].

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. PASSMAN] to close debate on the pending amendment.

Mr. PASSMAN. Mr. Chairman, I am not going to debate the amendment. I merely want to use this time to thank the Members for their tolerance and to assure you again that there are not only adequate funds provided, but there are funds in excess of the needs in the amount which your committee has recommended to you.

What we are experiencing today is no different than what we have experienced in the past 5 years, during which time I have had the honor of serving as chairman of the subcommittee. You have supported us in the past. Our recommendations have been sound and they have stood up.

I have stayed completely away from dealing with personalities in this debate, and I have no right to take offense because the policy committee of my friends on the other side of the aisle has a peculiar effect upon some of those who have opposed the program in its entirety in the past, but who are now supporting the proposals for increasing the funds. That is their privilege. However, so far as I, personally, am concerned, I am not going to be swayed by pressure from any point, either by the leadership or by the White House. I am going to form my opinions solely upon the basis of the facts and supporting statistics.

Now, I want to repeat for emphasis—not only has the committee recommended adequate funds, but there are excess funds. And, if you will support the committee, I say again to the Members that you will not be disappointed. When we return next year, we will be able to show you again that the committee—the subcommittee and the full committee—can be relied upon to make sound recommendations.

I thank you again for your tolerance. We have had a long session.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

The question is on the amendment offered by the gentleman from New York [Mr. TABER].

Mr. FULTON. Mr. Chairman, I ask for a division.

Mr. PASSMAN. Mr. Chairman, I ask for a division.

Mr. TABER. Mr. Chairman, I ask for a teller vote.

Tellers were ordered, and the chairman appointed as tellers Mr. PASSMAN and Mr. TABER.

The committee divided and the tellers reported that there were—ayes 170, noes 114.

So the amendment was agreed to.

The Clerk read as follows:

ECONOMIC ASSISTANCE

Defense support: For assistance authorized by section 131(b), \$600,000,000.

Mr. FORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FORD: On page 2, line 18, strike out "\$600,000,000" and insert in lieu thereof "\$650,000,000."

Mr. FORD. Mr. Chairman, this amendment goes hand in glove with the amendment which was just overwhelmingly approved by the Committee of the Whole. May I suggest that those who want a full and I think a brilliant defense of this amendment read the statement made by my colleague, the gentleman from Arizona [Mr. RHODES], on this matter yesterday. I refer you to pages 12929 and 12930. This, in my opinion, is a very excellent presentation of the need and necessity for this extra \$50 million in this account.

At the outset I indicated this amendment goes hand in glove with the amendment we just approved.

Defense support provides economic assistance and budgetary assistance for 11 countries that are on the immediate periphery of the Soviet Union, plus 1 other country, Spain, where we have today 2 highly important Air Force bases and 1 vital Navy installation. This defense support program helps to provide over 600,000 Formosan or Taiwanese military forces, it assists in the implementation of the South Korea military organization, providing something like 600,000 active duty South Koreans. It also goes to support the military forces that are part of NATO in Turkey and in Greece. In other words, this defense support program to a very substantial degree assists us in providing the necessary deterrent to keep the Soviet Union and Red China from undertaking any aggressive action in a military way.

In contrast to the program that we just discussed, military assistance, where we have had an increase in fiscal 1961 over previous fiscal years in defense support, actually the defense support program is going downward. This tends to reflect that the economies of these 12 countries are improving; that they are better able to handle their own economic responsibilities.

I say to you with conviction that this figure of \$600 million that appears in the bill is too low. It is \$124 million less than the President requested and it is \$75 million less than the authorization figure which we enacted into law very recently.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield to the gentleman from Illinois.

Mr. YATES. I should like to say to the gentleman that I agree thoroughly with his position. I supported the amendment in committee and I shall support it on the floor.

Mr. FORD. I wish to thank the gentleman from Illinois. He has been most helpful in the committee and on the floor.

Mr. Chairman, I believe that this is just as important as military assistance, because if these 12 countries that are right up against the guns, so to speak, are not able to keep their troops in the field—and they cannot unless they have defense support—the whole free world military position is weakened. This additional money for defense support is absolutely essential if we are to keep these forces ready for action. We provide military equipment for them in the military assistance account. It seems that in these limited number of countries we should likewise make contributions to their economy to permit them to sustain their economy for the benefit of their forces, their defense, and our mutual security.

May I add this? In 1957 this defense support program totaled \$1,161,700,000. Even if my amendment is approved, taking the figure to \$650 million for fiscal 1961, we find that the program from 1957 to 1961 will have gone down \$500 million.

Mr. Chairman, I strongly urge that this amendment be approved.

Mr. PASSMAN. Mr. Chairman, I rise in opposition to the amendment.

This item carries the label "Defense support." However, it is purely and simply economic aid, nothing less, nothing more.

I respectfully refer you to page 2206 of the hearings for a listing of the types of projects being carried on as defense support in other nations, the same type of projects which are being denied in our own country practically every time a bill which would provide them goes to the White House.

Under the recommendation of the committee \$1,358,601,000 will be available in the "Defense support" item.

In many instances in the past, they have placed funds in this economic aid program behind some type of an obligation and at a subsequent date, after we had adjourned sine die and returned home, they have then deobligated the funds and tried to find a more justified project. These deobligations for 1956 to 1960, inclusive, amounted to \$449,146,000.

The Department has been unable to justify the amount of money requested for this category. As an example of what they do, I refer you to page 2239 of the hearings, from which I quote:

Mr. GARY. Page 89 indicates you are proposing to set aside up to — as a cushion for China's needs for foreign exchange. * * *

Mr. PASSMAN. As a token of our earnestness.

Mr. ROSEMAN. Yes.

This is the account under which they built the road in Vietnam, the cost of which they justified at \$18,300,000, but

for which there were additional contracts that brought the cost up to \$129,900,000.

If it is the desire of the House to support a program of this type, and especially for many unjustified projects then I have no alternative but to continue to do the best I can, year in and year out, to point out some of the weaknesses.

But I think I should say here, too, that all of the nations receiving aid under defense support may also receive aid under the Contingency Fund; they may also receive aid from the special assistance fund; they may also receive aid from Public Law 480; they may also receive aid from the Development Loan Fund.

They are eligible to get economic aid under every category in the bill.

Mr. Chairman, I assure you that this year, as in previous years, your committee has recommended sufficient funds to fully support this program, even at the extravagant basis upon which they are operating.

Mr. CONTE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, reductions in defense support have been made in recent years. The committee bill proposes a figure only slightly over half the appropriation 4 years ago. The Executive has reported real possibilities of further reduction or elimination of many present defense support country programs in the next 5 years.

But we have been cautioned and must always remember that these reductions have been made possible by progress on reconstruction in Korea and Vietnam, by economic productive growth in many countries, by improving administration and tax collection by a number. We cannot for one minute let this record of progressive reduction delude us into thinking that the potential threat has lessened. There have been two constant factors underlying defense support—the character of the Sino-Soviet bloc and the map of the world. Let us look at these two.

The character of the bloc, despite zigs and zags of their talking line, has demonstrated itself in action as being one of constant readiness to exploit with force real or fancied weakness at any point around its perimeter. The record reads: Eastern Europe at the end of World War II; Iran, 1946; China to 1949; Greece, 1947; Berlin, 1949; Korea, 1950; Indochina, 1950-54; Taiwan Straits, 1958 to date; Tibet, 1959 to date; Laos, 1959; Berlin, again 1959; and these are only the highlights.

Looking now at the map, first pinpoint some of these same trouble spots—China, Iran, Greece, Korea, Indochina, Taiwan, Tibet, Laos. All are on the perimeter of the bloc and in or adjacent to countries receiving defense support assistance.

The 12 countries have and still need defense support because of their economic incapacity to support the more than 3 million men unaided, because of the ever-ready probing character of the bloc and because of the map, because they generally are exposed. Again the map demonstrates—Korea, Taiwan, Philippines, Vietnam, Cambodia, Laos,

Thailand, Pakistan, Iran, Turkey, Greece, Spain is not exposed in the same fashion but has its obvious strategic importance.

I do not expect the character of the Soviet bloc to change overnight. I do not look for changes in the map. Therefore I urge adequate defense support to buoy up these burdened nations as they grow progressively more able to support themselves.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from New York.

Mr. TABER. Mr. Chairman, I feel that I must support this amendment. It provides for the maintenance of these armies in the field that otherwise we would not have, and we need them very badly.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I am glad to yield to the distinguished minority leader.

Mr. HALLECK. When I addressed the committee a short time ago in connection with the other amendment I took occasion to refer to this amendment in these words:

To that end, I intend to support, and I urge your support for, the restoration of a substantial portion of the funds cut in committee, first, for military assistance and second, for defense support.

Then I referred to certain other amendments, but I would want it completely understood that I agree with the gentleman from Michigan when he says that defense support goes hand in glove with military assistance. Without defense support the military assistance aid we give in many places would not really be worth very much. I hope the amendment is adopted.

Mr. CONTE. I, too, Mr. Chairman, hope that the amendment is adopted.

Mr. WHITTEN. Mr. Chairman, for many years we have tried to point out many defects in the foreign aid program, not only in the handling of the program but in the overall effect in other fields.

In foreign aid, although the money returns here to add to domestic supply, the goods go overseas and with no goods to offset such funds, foreign aid is almost 100 percent inflationary. Because of the inflationary results, we see our money losing its value at a rapid rate in terms of goods it will buy. Because of inflation, our defense dollar buys about 5 percent less each year.

Because of what you give to foreign countries, it is next to impossible to hold down Federal salaries or Federal expenditures on domestic programs.

Mr. Chairman for years, our so-called military aid program has to a large degree served as an outlet for our Defense Department's excessive buying and actual waste. Where the cost is charged up to foreign aid rather than to the Defense Department, there is less pressure to hold defense spending to real defense needs.

For years our Nation has been literally going over the world asking nations to take our aid, both military and economic, with the hope, but without any real assurance in many cases, that it would

in the final analysis be used on our side.

Companies have been organized and gotten rich doing this business for us, frequently without any real investment on their part. Competing businesses have been set up, whose output is now doing real damage to American industry and employment.

The real reason, in my opinion, why we cannot get together and write a sound farm program is because foreign aid, Public Law 480, prevents people from facing up to reality.

Mr. Chairman, last year, I tried to get a thorough investigation of this program. I failed. My motion was as follows:

The committee directs its investigating staff under the direction of the chairman and the subcommittee to make a thorough investigation of all phases of the mutual security program, including but not limited to:

(1) Lack of proper planning, supervision, accounting and effectiveness of the overall program.

(2) Names of U.S. and foreign corporations, partnerships or individuals who receive profits from these programs, including the volume handled and profits made.

(3) Profits made by foreign governments.

(4) All amounts expended to promote production which is in competition with U.S. production.

(5) The amount or quantity of all equipment, material or commodities which have not been used in each recipient country.

(6) The prices at which items furnished through these various programs have been sold by foreign countries or their agents.

(7) Rates of pay of all employees engaged in this program.

This year's hearings further prove to me that this program will never be properly run until we have that information.

Mr. Chairman, all of what I have said, I have said in years past. Today I go further and say that in our reliance on this dollar diplomacy we are seriously endangering our future safety. We are through this means making enemies in many countries who will use the benefits of our aid against us when the time of need arises.

Today we will not clean up this program if we hold this item to the \$600 million, nor will we change conditions much if the amount is raised to \$650 million. It is a matter of degree.

What I would point out is that we had better hold down until we find some new approach to our foreign problems. Dollars simply will not do it. We must adopt a new policy for our own safety. Recent events in many foreign countries lead me to believe that instead of arguing about whether it should be this amount of money or that amount of money we should implore our President, our military leaders, and our leaders in Congress to take a new look and see if we are not digging our own grave through this foreign aid approach we have been following for many years.

I have detailed information from an employee of the foreign-aid group, a file at least 4 or 5 inches thick, which clearly proves we have by this means urged people throughout the world to accept our aid at times when if they had only used

the materials that were already in those countries they could have saved us and saved themselves hundreds of millions of dollars, saved their own pride, and perhaps remained on our side.

Why is it that we have done that? In many instances it is because by giving such governments new aid the powers that be in some of these countries got a cut, a rakeoff, a handout, and our big business makes huge profits.

My friends, when we keep in power in any nation a government which a large segment of the people of that country do not believe in, and when it is known that it is the United States of America that keeps such government in power, the minute the powers that may be out of control do get back in, it may not be that they choose Russia instead of the United States; because they prefer that but it may be that they choose the Communist bloc because of the resentment that they have against us because we kept that government in power beyond the time the local people wanted it. There have been so many examples of this. Russia appears smarter in this area than we are. Remember there is no record of Russia providing anything except through loans.

You have just adopted this military amendment. Only the year before last, we had before our Subcommittee on Appropriations for the Department of Defense a request by the Air Force to place a contract with an aircraft factory in one of our States, to provide employment, at the insistence of two U.S. Senators from that State. This plane would have had to be used in Europe because it used a British type motor. The Air Force officials in answer to my inquiry said, "Yes; we already have planes in Europe to meet our need, but if we can get these planes, we will use them there and we, in turn, can find some country which will take the planes we now have." That is a typical basis for much so-called foreign military aid.

My friends, if you analyze the foreign aid situation and look at the telegrams you get you will see they are largely inspired by the U.S. Chamber of Commerce, an organization which stands for many sound principles. In this instance, however, it is my belief that its interest comes from its members, big business which makes huge profits in this field without risk. These profits blind them to the fact that we are underwriting governments throughout the world against the wishes of large segments of the people of those countries, and in the process we are getting the people outside of control now burned up at the United States to the point that it is really serious.

Now the press and we, on the Democratic side, might try to kid ourselves into believing that all is well after the expenditure of these \$80 billion in foreign aid. All is not well. Today we perhaps face the most serious situation our Nation has ever faced, both at home and abroad. I say for us to go along with the same amount of money in support of a program which has had time to work, but which has led to our present situation, when we see what is hap-

pening in the world, I say certainly we should at least hold amounts down to the committee bill, while we make an urgent and ardent plea to the President and to the leaders of the Congress on both sides of the aisle to review our overall foreign policy.

Let us see if we are not using our dollars to dig our own graves by underwriting governments to the point, and giving them rakeoffs and kickbacks to the point, that we are inflaming many people in those areas to the extent that they will rise up and choose the Communist bloc not because they prefer it, but choose it because of the resentment they feel because we have kept in power governments that those people do not want to have. See what happened in Korea. See what happened in Japan, and in Cuba. What is really happening in Turkey? On whose side will many of these bases be used? It is a real question.

The world situation today is certainly serious enough, after spending this \$80 billion that by all means we should slow down, look, and recognize that what we do and have done certainly has failed, and failed to the point that our situation is critical.

I hope the amendment increasing the amount will be defeated.

Mr. GROSS. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from Michigan [Mr. Ford].

The Clerk read as follows:

Amendment offered by Mr. Gross to the amendment offered by Mr. Ford: On page 2, line 18, after the figure "\$600,000,000", strike out the period and insert a colon and add the following: "Provided, That not less than \$200,000,000 of the amount appropriated in this paragraph shall be made available to the distressed areas of the less developed States of the United States including but not limited to the States of West Virginia and Pennsylvania."

Mr. PASSMAN. Mr. Chairman, I make a point of order against the amendment.

Such action as proposed is not authorized, and I do not think the language of the bill would permit this type of amendment. I was not really expecting an amendment of such type, and it caught me just a little bit off guard. However, I do not think the gentleman from Iowa really wants to press the point.

Mr. FORD. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will hear the gentleman from Michigan on the point of order.

Mr. FORD. Mr. Chairman, I join with the chairman of the subcommittee. I want to indicate that, in my opinion, this amendment is subject to a point of order. It is not germane to the bill and it is not authorized. In my opinion, therefore, it is subject to a point of order.

Mr. BAILEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BAILEY. Am I to understand that Members of the House representing the general public of these United

States are to be deprived and excluded from being cut in on this bonanza?

The CHAIRMAN. The Chair feels that is hardly a parliamentary inquiry.

Mr. BAILEY. Nevertheless, it is a question unanswered.

The CHAIRMAN. It is not one the Chair is permitted to answer.

Does the gentleman from Iowa desire to be heard on the point of order?

Mr. GROSS. Mr. Chairman, I concede the point of order.

The CHAIRMAN. The gentleman concedes the point of order.

The point of order is sustained.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, first of all, if I may have the attention of the gentleman from Louisiana, I should like to compliment him for the bill he has brought before the House even though I am opposed to it. Let me say to the Members of the House that if it were not for the untiring work of the gentleman from Louisiana, Mr. PASSMAN, and certain other members of his subcommittee, I shudder to think of what this bill would contain. Instead of being \$3 billion-plus, it undoubtedly would be a \$5 billion or \$6 billion bill. The gentleman from Louisiana and those who have supported him on the subcommittee and the full Appropriations Committee are entitled to the plaudits of the House of Representatives.

I should like also at this time to felicitate the gentleman from Louisiana, Mr. PASSMAN, on the occasion of his birthday.

Mr. PASSMAN. These birthdays are coming entirely too fast. For the past several years since I have been here, 14 years, I have never been able to correct it. The newspapers insist on having my birthday before I reach it.

Mr. BASS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. BASS of Tennessee. Is it not in keeping with what has been done and does not the gentleman believe it to be a fact that when the administration makes a request it is not for what they actually need but is a souped-up request, so that they get what they need in the long run?

Mr. GROSS. There is no question about it; and the gentleman from New York [Mr. TABER] recognized that in the hearings when he called attention to the asking price.

Mr. BASS of Tennessee. And also by offering an amendment to restore just half the cut.

Mr. GROSS. That is right; and on the subject of my friend the gentleman from New York [Mr. TABER], he mentioned General Palmer, General Norstad, and others in support of the amendment to add \$200 million to this bill. I never heard of a general or an admiral who ever had enough money to spend for equipment or enough men to command.

Mr. HAYS. And, if the gentleman will yield, I would just like to say that I heard General Norstad's speech again this year. I can make it better than he can, because I know it by heart; it has been the same every year.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. BAILEY. I wish to congratulate my friend from Iowa for bringing before the House and emphasizing the deplorable conditions in the State of West Virginia and certain parts of Pennsylvania. Even if we do not get anywhere with this movement, we at least will call it to the attention of the country.

Mr. GROSS. Now, I would like to cite a little past history for the benefit of my friend the gentleman from Minnesota [Mr. Judd]. I am pleased he is on the floor. Going back to the debate in April 1949, when the foreign handout bill was before us that year and when the gentleman from Ohio, Mr. Vorys, used to carry the torch for the program, Mr. Vorys said:

Unquestionably this ECA Act last year impaired the economic stability of the United States by increasing inflationary pressures.

That back in 1949, and he was so right. In the same debate, the gentleman from Minnesota [Mr. Judd] added this:

I said on the floor last year when we voted for the ECA bill—

As it was then known—it has had nearly a dozen different titles since its inception—

that when we voted for this ECA bill it meant voting among other things to reduce the standards of living in the United States. We knew what it meant.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. In just a minute. Then I asked this question in 1949:

I would like to ask the Members of this House what, in their standard of living, they are willing to surrender? Or is it the plan to lower the standards of living for the common garden-variety of citizen while Members of Congress merely give lip service to such a scheme?

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I am glad to yield to the gentleman from Minnesota.

Mr. JUDD. I did say that in 1949. I expected that to happen, and I voted for it nevertheless because the security of my country was at stake. I am willing to take a little cut in living standards and pull my belt a little tighter in order to be free. Without the program adopted then, Italy would not be free today, Greece would not be free, France, West Germany, Denmark, Norway would not be free. That was the best investment we ever made. Fortunately our economy was stronger than I anticipated.

Mr. GROSS. Let me answer the gentleman. The gentleman from Minnesota surrendered nothing in his standard of living. What happened? Last year this Nation went \$13 billion in debt to keep up a synthetic economy. It is a standard of living based upon public and private debt so staggering it will never be paid, and the gentleman knows it. You have not faced up to a lower standard of living. You have been willing to pass on to the generations yet unborn the mortgages for this preposterous program of dissipating our

resources in every nook and corner of the world.

Mr. HOFFMAN of Michigan. They took care of the Chinamen, all right.

Mr. GARY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I do not want to belabor this point, but I certainly do not want the Members to vote under a misapprehension about this so-called defense support item.

Let me call your attention to the projects in this defense support program. They are listed beginning on page 2204 of the hearings. There are three pages of them, including 190 projects scattered all over the world.

What are the projects? One is forestry resources development. I do not know what that has to do with defense unless you are going to give them some trees to hide behind, but those trees will not defend them against modern weapons, I can assure you.

In addition, there is an agricultural and rural improvement program. We have been trying to straighten out our own agricultural problems for years and have not been able to do so. Now we are trying to straighten out those problems all over the world.

Another one, fisheries development.

Here is one that will appeal to my friend from West Virginia, and, by the way, these projects are listed in several places—coal mine development. As we develop coal mines abroad we have here in the United States many miners who are idle and suffering because we cannot dispose of our American coal.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from West Virginia.

Mr. BAILEY. I would like to remind the gentleman that we have a proposal before the Congress now tied up in the Rules Committee asking the simple privilege of having a joint committee of four Members of the Senate and the House study our fuel situation and to make recommendations to the Congress. It is still in the Rules Committee. Yet we are doing those things for people abroad.

Mr. GARY. Here is another project, mineral development, other than coal. When we ask for hydroelectric power development in this country it is pork-barrel legislation. If we attempt to develop rivers in the United States we hear the cry "Pork barrel." But what are we doing here? Hydroelectric power development, thermal power development, power transmission and distribution. Each of these are separate projects. Next, primary system improvement. I do not know what kind of primary system they hope to develop. They do not even have elections in most of those countries and I do not know what they are going to do with a primary. But that is the project, primary system development.

Here is rural self-help. Here is an item that appears in several places: Operation Brotherhood. What that is I do not know. Brotherhood certainly is not operating in Japan today or, on second thought, maybe that is the Oper-

ation Brotherhood that we are contributing to.

Another is a census project.

Mr. BASS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Tennessee.

Mr. BASS of Tennessee. All of this information that you are giving us here just further adds to the jocular items in this program.

Mr. GARY. This is a list of the projects that was supplied at our request.

Community development. General highway improvement. Meteorological services improvement. Village health and sanitation project. Expansion of Government information facilities. Now we are even going to provide them with propaganda facilities. And, I will say this, the way our Government propaganda facilities are operating today, we can give them some technical assistance in that field, because certainly the propaganda for this program has been operating most effectively thus far. Low-cost housing. We are even going to give them low-cost housing. Excess property—construction equipment. Now, what that is I do not know.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. RHODES of Arizona. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I just want to say that every statement which my good friend, the gentleman from Virginia, made is absolutely true. He was reading from the list of projects. I have the greatest faith in the gentleman and the greatest affection for him, and I know what he said is absolutely right.

Let me explain the list to you. The defense support program, as I stated yesterday, is a program by which we use dollars to buy capital equipment for these nations around the perimeter of the Sino-Soviet bloc, which were pointed out by the gentleman from Massachusetts. Now, why do we do this? Why do we use our dollars to buy capital equipment? We do it for various reasons. One of the reasons is that someday we would like to see the time when we do not have to support these nations. This will never occur until they have a reliable economy. The money which we use to buy this capital equipment, the dollars, is sent over to the nations themselves in the form of capital equipment and it is sold in that country and paid for in the currency of the country.

Now, the list which the gentleman from Virginia read was a list of projects or equipment which were purchased with dollars for the purpose of bringing economic good into the country so that they would not be in a state of inflation, when the local currency was issued to make the expenditures necessary to make for the defense of the country.

And, I just want to ask this question: Without some help do you think that Taiwan could support 600,000 troops? Do you think that South Korea could support 600,000 troops? Do you think that South Vietnam, Turkey, Greece, and Pakistan could support armed forces

of the magnitude they now have? The answer certainly is, no.

The gentleman from Michigan stated that this is just as much a part of military assistance as it can possibly be. He speaks the absolute gospel truth when he says that. Now, some say it is economic aid. Maybe you can say that. However, the end product is military just as much as it can possibly be. Certainly, you could take the dollars and transfer them to the credit of country A in the defense support category and let that country do whatever it wants to do with it. These countries could buy Coca-Cola with the dollars if they wanted to. They could issue their own currency, without the necessary economic justification, and they would have the most amazing case of runaway inflation that you ever saw. So, instead of giving them the dollars, we give them the equipment to justify economically the issuance of the currency.

We give them equipment which will build up their economics and which, when they pay for the equipment in their own currency, provides a sound economic base for the issuance of that currency and keeps that country in a position where it is not and will not be a victim of runaway inflation.

Those who say that this is a large increase had better look at the figures again. The budget request was \$724 million. The committee recommended \$600 million, which is a cut of almost 20 percent. If the amendment of the gentleman from Michigan is adopted, the cut will still be in excess of 10 percent of the budget request of the President.

In the type of world in which we live, with the explanation which you have had so ably presented by the gentleman from Massachusetts as to the effect on these nations located in the soft underbelly of the Sino-Soviet bloc, this is, in my opinion, a modest enough outlay for this particular purpose.

May I say again, at the risk of being repetitious, that the gentleman from Michigan [Mr. Ford], the gentleman from New York [Mr. Taber], the gentleman from Massachusetts [Mr. Conte], and the gentleman from Arizona now addressing you have never been spend-thrifts. I do not think we ever will be. This is a matter of raising an appropriation which we think is very important up to the point where we can do the job that the taxpayers are entitled to expect. It would do the taxpayers of America no good to spend \$600 million to do three-fourths of a job when, with \$650 million, we could do the whole job.

Mr. BAILEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I asked for this time in order to ask the chairman of the subcommittee, the distinguished gentleman from Louisiana, a pointed question or two.

Is it not true that in the 1960 budget, which is the present budget, there is over \$64 million worth of items of an educational nature?

Mr. PASSMAN. That is a conservative figure. I would not be able to state the exact amount which is provided in the bill for education.

Mr. BAILEY. Is it not true that in the budget for 1961 there are items in excess of \$60 million of an educational nature?

Mr. PASSMAN. We have not actually put down in a separate column all the items for education, so I trust the gentleman will not ask me to confirm a figure which I have not personally computed.

Mr. BAILEY. Is it not also true that there are numerous other items of activity, not including educational activities, covered by this appropriation, which we are being asked by the amendment of the gentleman from Michigan to increase?

Mr. PASSMAN. I say to the gentleman that there are many school buildings in several countries, included in this program.

Mr. BAILEY. Mr. Chairman, may I say that I appreciated very much the facts brought out by the distinguished gentleman from Virginia, [Mr. GARY], as to what is contained in this so-called defense support program, which is nothing more or less than an extension of present aid facilities already in the bill.

I noted today in the vote on the first amendment that we have some dedicated souls on both sides of the aisle, who voted to increase this appropriation to do the very things—build school buildings, pay teachers' salaries, build all kinds of highways and reservoirs, improve the water systems of these countries—who, when we want to do some of those things at home, particularly in the field of education and of low-cost housing, say that that is socialistic. Some of them even say that it borders on being communistic. I have not heard a single voice raised by any of these benighted souls today who object to spending money on such items at home, against spending on these items abroad. We have had two Presidential vetoes to kill our efforts to bring some kind of economic relief to the State of West Virginia. How can we cry socialism of home and democracy when we send these funds abroad?

Today, while I appreciate his doing so, I am sure that the distinguished gentleman from Iowa meant right by referring to the bad economic situation existing in West Virginia and in western Pennsylvania.

Mr. Chairman, let me remind you that that is a serious matter. With 258,000 of West Virginia's 1,859,000 population living on surplus Government foods, with men being laid off by the hundreds and the thousands every week in the State of West Virginia, I would be remiss in my duty if I did not denounce what is going on on the floor of the House today, to do those things, to engage in those socialistic activities. I am surprised that the gentleman from Michigan, being an outstanding conservative, would want to force socialism on the poor benighted souls over in some of those undeveloped countries. That is what you are doing. If it is not good for America it is not not good for those folks over there.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. Yes; but not to get into an argument.

Mr. HOFFMAN of Michigan. I do not want to get into an argument, either. I just want to ask the gentleman if he thought inconsistency was anything new in a Congressman.

Mr. BAILEY. I guess I will have to agree with the gentleman from Michigan that quite often we do run into situations of that kind.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman was not referring to my friend from Michigan [Mr. HOFFMAN] when he was speaking of a Member of the House who was liberal with other people's money?

Mr. BAILEY. I do not know whether I can say that about the gentleman. There are a lot of things I could say about him, but I will not. I was referring to Mr. FORD, the author of the pending amendment.

Mr. HOFFMAN of Michigan. Do not say them, please.

Mr. BAILEY. Mr. Chairman, I am against this amendment.

Mr. PASSMAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 25 minutes, the last 5 minutes to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Maine [Mr. COFFIN].

Mr. GALLAGHER. Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from Maine [Mr. COFFIN].

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. COFFIN. Mr. Chairman, this amendment should be supported for the identical reasons as the amendment offered by the gentleman from New York on military assistance.

I suppose my message should be directed chiefly to those on my own side of the aisle. Ordinarily when we look at this item and look at military assistance, to us they do not always mean progress, they do not always mean an imaginative foreign economy policy. To us they are not as attractive or perhaps as sound in the long run as an intelligently administered development loan fund or as an imaginative far-reaching project such as that involving the Indus Basin, or as appealing to our hearts as the historic point IV program, technical cooperation. But I can say to my colleagues that today, in these circumstances, this amendment is as entitled to our support as is anything else in this program. I, myself, have been much more interested in the Development Loan Fund itself.

Mr. Chairman, the Development Loan Fund, I am sorry to say, has been cut by the committee. However, there are

enough vital things for us to fight for today so that I shall make no attempt to restore at this time the funds to that important program. But, I say this \$50 million that we are seeking to restore to defense support is just as important as the Development Loan Fund. It is like the piece of bread we give to a hungry boy to live on. The loan fund is the piece of bread we give him to grow on. But the boy needs to live in order to grow.

Another point I would like to make, Mr. Chairman, is that many of us, Democrats and Republicans alike, are concerned from time to time over our ability to wage limited brush fire war in conventional ways. We do not like to be wholly dependent on big nuclear weapons and, yet, this program of defense support with its sister, military assistance, helps provide precisely a conventional brush fire fighting capability which it would be absurd to deprive ourselves of.

Another point, Mr. Chairman, is that this program of defense support is not a ballooning, skyrocketing, ever-expanding program. This program has diminished remarkably. In 1957, only 3 years ago, we had almost \$1.2 billion in defense support. If this amendment passes, as I hope it does, we shall be down to just about a little over 50 percent of that amount. This is diminishing every year, and we can look forward to a continuing decrease as our other programs that foster growth, stability, and long-range prosperity take hold. But, we cannot do it overnight. I think we have done enough in the years just passed. We have done enough this year, if we cut it from \$700 million to \$650 million.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CONTE. Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from Maine.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. COFFIN. Mr. Chairman, I thank the gentleman from Massachusetts for I know he, himself, could make a valuable contribution to this part of the program as well as to other parts of the program. But, I shall not take the time of my colleagues any more than to say that the amount in this particular program is as low as we can conscientiously cut it. I was amused to hear the chairman of the subcommittee, and the distinguished gentleman from Virginia, say to us that this was really economic aid—as if this were pulling aside a veil and revealing a great secret. Why, the committee report itself starts out by saying that defense support is defined as that economic assistance which is required, in addition to military assistance, in order to secure a specific contribution to the common defense, in other words, to secure a certain level of defense support.

Mr. Chairman, I thought that the gentleman from Arizona [Mr. RHODES] gave a most able discussion of defense support, its theory and how it operates. I am not ashamed at all of the list of projects to be found on page 2204 of the committee hearings. This is exactly

what the program was set up to do. We can proceed to winnow our inefficiency and we are doing it. This program is coming down, but to cut it further this year is to ask for trouble.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. ROOSEVELT. I am for this amendment, but I would like to ask the gentleman if he would explain briefly why the particular 12 countries have been selected as against other countries for defense support, as they are listed in the report?

Mr. COFFIN. There are two reasons. In the first place, these countries are in strategic areas around the Sino-Soviet bloc; in the second place, we give defense support only to those countries which are allied in an agreement with us. We cannot give it to countries that are not allied. If we want to give assistance to countries not so allied in treaty or pact, we do it under the form of special assistance.

The CHAIRMAN. The gentleman from Minnesota [Mr. Judd] is recognized for 2 minutes.

(By unanimous consent, Mr. RHODES of Arizona yielded his time to Mr. Judd.)

The CHAIRMAN. The gentleman from Minnesota is recognized for 2 additional minutes.

Mr. JUDD. Mr. Chairman, I do not think it is in our country's interest to talk much just now about the fluid situation in Japan, but the suggestion has been made here that Mr. Khrushchev's breakup of the Paris conference and the Communist-led riots in Japan are evidence of the failure of our mutual security program. On the contrary, Mr. Chairman, the Communists have to resort to these tactics because of the very success of the mutual security program, particularly the military part of it. The violent attacks on us and our President are, in fact, a tribute to the effectiveness and firmness of his leadership. They did not attack us as long as they imagined we could be deceived by their pretenses.

Mr. Khrushchev tried to take us in with his smiles. He tried to divide our allies. He tried to set the leaders and people of Germany and France against each other. He tried to separate the British from us by offering various inducements. He tried his best to whittle down our resolution to organize and lead the peace forces of the world, hoping to get us to a point where we would be willing to make innocent-looking concessions that would in fact endanger our very survival.

His effort was the old tactic of trying to divide and conquer. He did not succeed in dividing the free countries before the Paris conference.

He made a second effort; he tried to divide us from our friends and our allies at the conference by threats and abuse. Again he failed. We came out of it stronger than before, largely because of the success of our efforts through the years to build with this program a strong and united free world. It held together at and after Paris because of confidence in the leadership the United States has given.

So now he has had to change his tactics. He is making a third effort to divide and conquer, this time trying to achieve by subversion what he could not achieve by division. Subversion in what countries? The very countries around the perimeter of the Sino-Soviet bloc which defense support helps plus Japan to which most of our assistance has gone, not under this bill, but under appropriations for our own Armed Forces in Japan. These countries have had difficult times; some are newly formed and have not had enough experience and development to stand firmly on their own feet; two are divided, Korea and Vietnam; several have had exhausting wars and revolutions. It will be hard for them to pull through if we cut too deeply our assistance to their economy which enables them to maintain the armed forces they need and have.

Naturally Mr. Khrushchev is trying to upset these governments, one by one, by ordering into action the apparatus which the Communists have been building and training in every country for years, for the very purpose now revealed in Japan.

Somebody said the United States has suffered a humiliating defeat. It is true that the Communists have won a victory in the sense that they have shown their power to subvert and their disciplined obedience to Moscow's orders. But they also have had to come out in the open and expose themselves and their true nature. It is not yet determined how it will come out. I have faith in the Japanese people and believe they will find ways, despite the democratic trappings we ourselves imposed on them, to get the situation under control. The United States itself would have suffered a humiliating defeat with serious loss of prestige only if the President had appeared timid and refused to go. That would indeed have destroyed our friends in Japan and the confidence of other Asians in us. The President has done and is doing his part. But if the Congress cuts this aid too deeply at this time, that undoubtedly will injure our position. It will seem to prove that we are what the Communists have always claimed we are—an undependable ally. Only we can administer to ourselves a really humiliating defeat and loss of face.

Actually I am less anxious about the situation in Japan today than I have been for many years. The basic situation is no worse—it is only more visible to all—out in the open where it can be dealt with more effectively. We must not be influenced too much by the lawless actions of a small minority in a country whose many millions are law abiding and our true friends.

The 12 countries we are helping under defense support are maintaining 3 million trained and equipped soldiers in the field. If you cut this fund too deeply, you can weaken their confidence, their hope, their resolution. They cannot possibly continue to maintain 3 million men in their armed forces and maintain internal resistance to Communist subversion, unless their people can also see a little economic progress, a little better standard of liv-

ing, which this kind of aid makes possible. The target of the Communists is to weaken the economic and political stability of these strategic countries; ours must be to strengthen it. Defense support is essential to accomplishing that. We must not shake the resolution of the people we have succeeded in welding into a giant free world coalition. Now is the time to send them a message of hope by continuing the appropriation at a level that will hold things steady. The United States must demonstrate to all its allies that it will always stand firmly by them. We must not let a handful of Japanese radicals and their misguided associates sway us against steadfast support of the many millions in Japan and free Asia who are friendly to us, because they want to preserve their freedom and know association with us to build mutual security is their best, if not their only hope. I hope the amendment will be adopted.

Mr. HAYS. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. Hays moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. HAYS. Mr. Chairman, if any of you had any doubts as to why the gentleman who just preceded me was selected as the keynote speaker for a great convention, your mind ought to be at rest now. Anybody who can turn what happened in Japan in the last few days into victory for the United States ought to be a keynote speaker for all time.

I have been for this program ever since its inception. I want to talk especially to the liberals on the Democratic side. You voted to give \$200 million more for military assistance for whom? Not for our NATO allies who could use it and who have used it in the past to hold together. You have had to make an additional \$200 million available so the military can spend \$50 million in Latin America. For example, we have a military assistance group in Guatemala headed most likely by a brigadier general.

I have only 5 minutes, but let me call the roll. What happened when we crammed military assistance into Iraq? Oh, yes, the Prime Minister of Iraq and the King were our friends, but when they were dragged out, broken and nude, behind the automobiles of the revolutionaries, our millions of military defense went down the drain.

A great deal of this money, twice as much as the military assistance amendment provided and eight times the amendment you are contemplating, goes to a country which today has no government. The government was overthrown by a mob and no government exists there.

You talk about the divisions in Korea? Why, anybody in this Chamber is intelligent enough and bright enough to know that we cannot count on them in a showdown.

Where have we failed? We take a program which worked in the industrial civilization of Western Europe and we move it bodily into undeveloped coun-

tries. We gave arms to the dictators all over the world and when their people got through with them those arms did not do us any good, they did not do the people any good; they did not even do Batista in Cuba any good.

I could call the roll over and over again. The administration may come in here and change the minds of some people who voted against the authorization, but they do not have to change my mind. All I am asking them to do is to come in with an intelligent program which will improve the conditions which exist today.

Do you think we are going to keep Nigeria on our side, or the Belgian Congo, by sending a couple of generals down there and establishing a military assistance group? You cannot have military assistance without generals, you cannot have generals without a place for them to work.

I have heard the distinguished general's speech a half a dozen times, and I refer to the distinguished leader of NATO General Norstad. It is like a broken record, he plays it over and over again.

If he came in here and said, "We are going to spend this money on NATO, we are going to put this money into Turkey and Greece where it will do some good," I would be fighting for it. But when you are going to establish military assistance groups in underdeveloped countries, where the people do not want guns, where the guns will not maintain the regime in power, where you ought to be in with technical programs and economic programs, I am against it. I say you are inviting those people to be our enemies forever, and the results of the past few months and years will prove they are going to do just what you are inviting them to do.

The CHAIRMAN. The question is on the motion offered by the gentleman from Ohio.

The motion was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN of Michigan. Mr. Chairman, of course there is an obvious answer to the question asked by our very able and industrious associate from Arizona [Mr. RHODES]. He asked whether we expected the people where our troops are stationed to support them. Of course not. Those folks did not ask for troops. We are not always guests—we are uninvited. We shoved the troops down their throats. As a matter of fact they have asked some of our forces to get out.

With reference to the bases the gentleman was talking about, if war comes who will own them, or of more importance, have possession? Did we not read recently that the Russians told us not to use our bases as headquarters or starting places for our people, who were seeking intelligence information? They did. You can get some bases out too far, sometimes, to protect them.

I have a grandson in Germany and another on the high seas. They both tell me that every place they have ever been someone suggested to them,

"Yanks go home." How my good friend, the gentleman from Minnesota [Mr. Judd], can turn this snub to Ike into a victory, mystifies me. I just cannot figure it out. And, if we take the argument of the gentleman from Arizona [Mr. RHODES], are we going to abandon the bases? I ask you, is that not just what we have done with some of our men who fought in previous wars and who are now in China and Russia? Is that not what we have done with them?

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN of Michigan. I yield.

Mr. RHODES of Arizona. I could not agree with the gentleman any more than I do as to the desirability—in fact, the necessity—of doing everything we possibly can to get those people liberated, but I fail to see what that has to do with this program.

Mr. HOFFMAN of Michigan. And you think we can defend all these bases all over the world.

Mr. RHODES of Arizona. I will say to the gentleman that bases are very important to the welfare of the free world and the United States of America. I certainly do not intend to make the same mistake that a former Secretary of State made a few years ago and say that they are outside of our defense perimeter.

Mr. HOFFMAN of Michigan. I remember J. Edgar Hoover saying that if we go too far, we could not maintain them.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, speaking particularly to the amendment that the gentleman from Michigan proposes, this would add an additional \$50 million to the already more than \$700 million appropriation the subcommittee has approved and the general committee has approved for this particular program.

Now, let me in the limited amount of time I have available remind my colleagues of the House that every time we propose to do something for the people of this Nation in the way of building a few necessary and needed classrooms, in the way of borrowing some money from the Government to rehabilitate our domestic setup in our State of West Virginia, to bring in some plants into these stricken areas, the charge is made that it is socialistic. They even go so far as to try and drag in the comment that it is tinted Red; that maybe it has some of the evidence and some of the indications of being communistic. That is what these people who are the proponents of this legislation today say about our domestic programs. If they are socialistic here, they are socialistic abroad. And, I think maybe we would be performing a great disservice to the people in those underdeveloped countries, who are begging for democracy and democratic forms of government, teaching them democracy instead of teaching them socialism and socialistic ideas.

Mr. Chairman, I want to appeal to my colleagues in the House to defeat this amendment. It cannot be justified on any ground.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, I rise in support of the amendment. I believe adequate defense support is absolutely necessary to these 12 countries who have stood firmly.

Under Secretary of State Dillon said:

Defense support is economic assistance required, in addition to military assistance, to enable certain countries to make specific contributions to the common defense. It is provided to 12 nations contributing military forces and forward military bases crucial to collective security of the free world.

There is not a country in South America or Latin America that is getting any defense support whatever under this program. In case anybody thinks this has been argued here, that point on defense support in Latin America is not in issue in this program at the present time.

I want to state firmly that from my personal knowledge and experience, I have full confidence in General Norstad, the commanding general and head of our NATO forces. We must back General Norstad and NATO, and I would take General Norstad's word as a military man on his field and his needs as against almost any person I know in this Government.

Likewise we must realize that defense support is in major part, nonproject aid. It was stated by Mr. Murphy when he was testifying as Under Secretary of State, that there are only 84 projects in the defense support title in the Far East, and also one project in the Middle East and Africa. That means that most of the defense support is commodity aid, which is aid of a type like this example I will give. In Taiwan, in fiscal year 1960, there was a program increase in commodities of this equivalent—chemicals \$800,000, machinery and parts \$400,000, and pharmaceuticals \$400,000.

Finally, we have heard comment as to this road in Vietnam. We must not think of this project as one road that has gone up in price. There has been a change in the military situation in Vietnam and there are three routes now being constructed instead of one as originally programmed. This highway construction is a necessary military program for a country under extreme pressure. We in the United States cannot afford to lose out in Southeast Asia, which is a vital strategic area.

As to these 12 countries, receiving defense support assistant they are supplying armed services for their defense of approximately 3 million men. The United States has 2 divisions in South Korea, while South Korea has 18 divisions of her own troops on the 38th parallel for her own defense. Let us not pull the supports out from under such people as these who are standing so loyally by us and the free world.

If we did not make the economic assistance of defense support available to these nations they would either have to give up all or a substantial part of the military forces they maintain with our military assistance help, or their

economies could collapse under the burden of their military forces and their governments would be in danger of overthrow by subversive elements.

Defense support funds help these countries to maintain the military strength we want them to have in two ways: First, in some countries such as Greece, our defense support goes directly into the defense budget to help support the military forces. In other countries the economic assistance we provide under defense support makes it possible for the country to use money to pay its troops which it would otherwise have to use to buy imports essential to the survival of its economy.

The specific need for defense support for each country and the contribution each is expected to make to the common defense is set out in the Worldwide presentation book, page 86 and following. This book is classified but is available to all Members.

There has been a very substantial decrease in the funds requested by the executive branch for defense support in recent years. Only 3 years ago the request was for \$1,100 million. For fiscal year 1959 the program was \$808 million. For fiscal year 1960 it will be about \$766 million. Country figures are on page 78 of the Worldwide book. This year the executive branch requested \$724 million, and the Congress authorized an appropriation of \$675 million. The President and the responsible administrators of the program have repeatedly testified to their belief that the full \$724 million is needed. Certainly the \$675 million authorized is a minimum figure. The cut made by the House Appropriations Committee to \$600 million will make it impossible to provide the economic assistance to maintain military power which our military authorities believe we should have in these countries in our own interest.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, this program of defense support is absolutely necessary if we are going to maintain the armies of these countries who are our allies, who are scattered all over the world. I do not see how we can afford at this time not to supply the additional \$50 million.

Mr. CONTE. Mr. Chairman, will the gentleman yield for a question?

Mr. TABER. I yield.

Mr. CONTE. The gentleman from Ohio made the point that a great deal of the military assistance money would be going to Latin America. Is it not true that in the 86th Congress, under Public Law 86-472 we limited the amount of money that could be appropriated for Latin America?

Mr. TABER. Yes.

Mr. CONTE. Latin America military assistance was limited to \$55 million, broken down into \$25 million of grants, \$22 million of credit sales, and the rest excess military equipment.

Mr. TABER. That is correct.

Mr. CONTE. No defense money whatsoever goes to Latin America or to Africa. This defense support money

goes to these 12 nations which are under the belly of the Sino-Soviet bloc.

Mr. TABER. That is correct.

Mr. CONTE. And the 12th country is Spain where we have strong military, air, and naval bases.

Mr. TABER. That is right.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mrs. ROGERS of Massachusetts. Is it not true that this is the area that the President will visit shortly and which may be a very dangerous area to him? It seems to me extremely important to vote this money at this time.

Mr. TABER. The President is taking a really dangerous trip and in so doing is performing a service that we should support.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. PASSMAN] to close the debate on this amendment.

Mr. PASSMAN. Mr. Chairman, I want to restate that there is sufficient money in the defense support item without the pending amendment. We have endeavored to present this matter on a nonpartisan basis. I, myself, have tried never to look to either Democrats or Republicans as such for support. We represent the same Nation and the same people. We have our responsibility.

At this time, I recall a particularly appropriate question by one of the great Republican Members of the past, Congressman Rich, who used to ask, "Where are we going to get the money?"

I have dealt with this matter realistically. And, I hope the information which I am going to bring to your attention at this time will cause you to review the decision made earlier, and that you will support the committee's recommendations on a rollcall vote.

From the time George Washington was sworn in as President on April 30, 1789, to June 20, 1953, a total of 164 years, cash receipts of the U.S. Treasury—taxes collected from the American people—amounted to \$570,786,561,814.

From January 20, 1953, and that was a very significant date, to June 1, 1960, comparable collections were \$572,258,819,664.

With all due deference to my friends, I point out that the present administration, in 7 years, 4 months, and 11 days, received revenues exceeding by \$1,472,257,850 all the money collected in 164 years under all of the Presidents of the United States up to January 20, 1953.

Now, the \$572 billion has been spent by this administration and an additional \$23 billion has been borrowed and expended.

If that is the way you want to do business I cannot do anything about it other than call it to your attention.

But, is the fact within itself not indicative of what damage we are doing to the welfare of generations yet to be born? When are we going to face up to our responsibilities and realize we cannot do everything with money?

Mr. Chairman, when and where and how are we going to stop this idea that everything can be done with money? I trust that the Members will reverse their

decision of earlier today and support the committee recommendation. If there have been any trades, let us forget about them. Let us stand together in the interest of our people and of our country and of generations yet to be born.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Ohio.

Mr. HAYS. May I point out about the limitation on Latin America that that was written in during the 85th Congress, under an amendment offered by the gentleman from Alabama [Mr. SELDEN], and the military paid no attention to it. The limitation was there. They went right ahead and did as they pleased. Although we put the limitation in again this year, I do not think they will pay any attention to it if it does not suit them. What they did was violate it by adding on all we had given these countries and all they bought. They said that is what they thought Congress meant, when they knew very well it did not.

Mr. PASSMAN. I hope we shall think of the people's interest and of the national welfare, and of the next generation, rather than of the next election.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. FORD].

The question was taken; and on a division (demanded by Mr. PASSMAN), there were—ayes 97, noes 125.

Mr. FORD. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. FORD and Mr. PASSMAN.

The Committee again divided and the tellers reported that there were—ayes 119, noes 141.

So the amendment was rejected.

Mr. ROONEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, what foreign aid should be given and how and where that foreign aid is administered is a problem always confronting the Congress. There is one aspect of this matter, however, where there should be general agreement and endorsement. I refer to those areas of the program where foreign aid is fostered through our own private enterprise system where private American companies are encouraged to venture their capital and to lend their technical experience and competence to the development of worthwhile projects in foreign lands. Not enough of this has been done.

Perhaps I can best illustrate this point by an example of what has been going on in Afghanistan.

An understanding of Afghanistan's turbulent history is essential for a true appreciation of the current impact of American aid on this strategic country. For more than two centuries, the Afghans were a buffer between the British Empire in India and Russia. In 1947, however, the British withdrew from India. The independent nations of Pakistan and India were created. Afghanistan became, in effect, a political vacuum. Almost immediately So-

viet pressure and attempts to influence and infiltrate were felt. Afghanistan became the logical first target of Soviet pressure in these vital areas.

You will recall that several years ago Khrushchev and Bulganin paid a historic visit to Afghanistan. Immediately the Western Powers, most particularly the United States, recognized the necessity for accelerated interest and activity in Afghanistan's development. The Russians had already begun a road building program, an airport construction program, and a program for equipping the Afghan Air Force. They were contemplating a program looking toward the establishment of an Afghan airline with routes extending from Moscow through Afghanistan to Pakistan, Turkey, and India. The threat of such a Soviet dominated airline is obvious.

At this point our Government undertook to meet this threat, not by forming a military mission, or by making direct grants to Afghanistan, but by enlisting the skill and experience of a private American company, Pan American World Airways. Officials of Pan American were called to Washington and asked to undertake a program whereby Pan American under a technical assistance contract would train Afghan airline pilots and ground personnel, assist in the purchase of airline equipment and in general make all of its experience and competence available in establishing and assisting in the operation of a sound Afghan civil airline. A staff of Pan American officials went to Afghanistan, studied the local problems, and a technical assistance contract was entered into. In order to insure the continuity of this program Pan American was persuaded by our Government to make an investment in the local Afghan airline under conditions which assured that Pan American did not receive excessive profits from the venture.

This program has now been in operation for 3 years. As the result we have today in Afghanistan a local airline tied in closely with one of our major private American airlines and providing assurance that the strategic air routes operated in this area are in sympathetic hands. At the same time the skills of a certain segment of the Afghan population are being increased and a start made in raising the local standards of living.

Pan American is to be strongly commended for responding to our Government's call for assistance. Had it not done so there is little doubt but that the Russians would have provided this assistance with consequences which are obviously prejudicial to the best interests of the United States. Pan American has set a fine example for other companies operating abroad. However such companies cannot expect to undertake projects of this kind looking toward the improvement of the internal economics of friendly nations and often competing with Soviet programs unless they have the assurance that their efforts are supported at home, particularly in the Congress. American private enterprise must be encouraged to go abroad and to assume as much of the

responsibility and the burden as it can in assisting these underdeveloped countries. Direct country-to-country grants-in-aid may be necessary in certain instances but in my opinion the long range program should include private American companies who would step in as Pan American did in Afghanistan and do the job.

I am pleased to note that in a recent report issued by the National Planning Association which studied the significance of American aid to Afghanistan recognition was given to what Pan American has accomplished.

Mr. Chairman, some of us have on occasion expressed grave concern over what seems to be a never-ending foreign-aid program. However, we must recognize that accomplishments like the one I have mentioned in Afghanistan multiplied many times will greatly add to a proper solution. Obviously whenever American business steps in and helps to make a country increasingly self-sufficient the burden on the American taxpayer decreases. What is happening in Afghanistan insofar as its local airline is concerned, can occur in many other places and in connection with many other industries if the Congress and the administration—the current one or the new administration which will take over next January—encourage American enterprise to expand abroad. Our philosophy must be to give companies such as Pan American a pat on the back, not to deter their efforts.

Mr. RHODES of Arizona. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. RHODES of Arizona. Mr. Chairman, I desire to associate myself with the interesting remarks and the philosophy expressed by the gentleman from New York [Mr. ROONEY] during the course of the discussion on foreign aid legislation.

Not only in Afghanistan, but in all parts of the world, Pan American Airways has become a symbol of the American flag. Like any private enterprise, Pan American assumes risks—often far beyond the normal—in tackling an overseas problem.

Pan American's mutual aid history far antedates foreign aid as we have come to know it in the last generation. In 1927 when Pan American began operations from Key West to Havana, through 1928 and 1929, when it built an air link around South America, the history of Pan American has been one of carrying the American flag to all parts of the universe.

This airline, Mr. Chairman, was the first American-flag carrier to fly into Africa, Asia, Australasia, and to span the Atlantic and the Pacific.

Of course, Pan American received assistance from the U.S. Government in all these undertakings, but the question is which came first, Pan American or Government assistance? Obviously, one would not have been possible without the other.

We have reached an impasse in our financial dealings abroad. Obviously, foreign aid in the form of outright cash disbursements cannot continue indefinitely. However, until American business enterprises similar to Pan American are encouraged by the Government to go abroad and blaze new economic and technological horizons we must anticipate that Government assistance remains necessary.

I agree with the gentleman from New York [Mr. ROONEY] that Pan American and other American firms should be encouraged to continue their overseas expansion, and I thank him for the privilege of letting me join with him in giving credit where credit is due.

The Clerk read as follows:

Technical cooperation, general authorization: For assistance authorized by section 304, \$150,000,000: *Provided*, That no part of this appropriation shall be used to initiate any project or activity which has not been justified to the Committees on Appropriations of the House of Representatives and the Senate.

Mr. GALLAGHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GALLAGHER: On page 2, line 20, strike out the colon and the word "*Provided*" and all that follows down through the word "*Senate*" in line 24 on page 2.

Mr. GALLAGHER. Mr. Chairman, I rise in support of my amendment.

The committee bill prohibits the use of technical cooperation funds to initiate any project or activity which has not been justified to the Committees on Appropriations of the House and the Senate.

This provision reverses a decade of successful history, makes a mockery of the term "cooperation," benefits the Soviets, ties our hands, is unworkable, is uneconomic, would reduce effectiveness, serves no useful purpose.

Reverses history: Congress rightly asks for illustrative programs, since final country-to-country action is proper only after Congress acts. Decade of experience shows that both the United States and other countries will prefer to substitute for certain illustrative projects other more urgent ones. History demonstrates that this will occur. History demonstrates the value of adjusting the program to accommodate these later judgments. To ascribe 100 percent validity to illustrative programs prepared 6 to 9 months before final congressional action is to assume a prophetic foresight which is humanly impossible.

Cooperation a mockery: At the heart of the point IV concept, of technical cooperation, has been the concept of jointness—joint planning of joint operations toward joint goals. If this provision is enacted, other nations would be invited to "jointly plan, using our exclusive list which has been justified." Yes; it would be a technical program—very technical, but not a cooperation program.

Benefits Soviets: For urgent project needs not anticipated and therefore not on the list, barring claim on the contingency fund which is heavily overloaded, other countries would be told to wait

until next year. Some cannot wait and may seek or accept Soviet offers. Point of fact is that publication of the unclassified technical cooperation program presented to Congress announces to Soviets that they have clear field on everything not listed.

Ties U.S. hands: The technical cooperation appropriation could not be used during coming year in nations just becoming independent—Camerouns, Congo, Niger, Upper Volta, Upper Dahomey, Togo, Sierra Leone, Mali, and Madagascar—and so, barring contingency fund use these nations during their first months will be told, "Wait or look elsewhere." This is an astounding backhanded way of surrendering the initiative and our rightful responsible role in the world. Natural events, progress on earlier efforts, changes in government—whatever the cause of a new need and opportunity, our answer is the same, "Wait or look elsewhere." No other major country—U.S.S.R., Communist China, United Kingdom, France, Japan—follows such a practice.

Is unworkable: The provision is poorly drafted and unworkable. There are no standards prescribed by which projects are to be judged, leaving the door open for capricious judgment or for unfruitful differences of view within the Congress or between the Congress and the Executive. The words "justified to" are not clear. If this means that presentation of a justification by the Executive is compliance, the provision is meaningless. If it implies a judgment by the committees, formal legislative action becomes mandatory to reconcile differences between the Houses if not for other reasons. Furthermore, the terms "project or activity" are nowhere precisely defined. The provision is so unclear as to purpose, criteria, and procedures as to be completely unworkable.

Is uneconomic: It has been practice of the Executive to conclude projects when they have served their purpose—over 1,000 have been successfully completed under all categories—and also to withdraw or phase down support to projects with declining priority. These sensible actions make room for more urgent, newly developed projects. If initiation of new projects within the same appropriation level becomes more difficult, there will be a premium—since our administrators and those of other countries are human—on continuing and extending going projects. Removal of the incentive for a reasonable turnover in projects will increase costs.

Reduce effectiveness: As a corollary, lesser return projects may be continued despite the development of higher return opportunities with a resultant reduction in the total impact of the program.

Serves no useful purpose: Finally, it is apparent that the provision would serve no useful purpose. This is demonstrated by the fact that the committee had before it for several months the executive branch justification for this appropriation and of over a thousand projects, but not a single one has been identified as not justified. This startling fact lends credence to the interpretation that the intent of the proviso was to preclude

projects except for those presented to the committees. In other words, if you can think them up ahead of time, they are automatically cleared. Such a requirement serves no purpose other than harassment.

IN CONCLUSION

The technical cooperation program has the respect of the world, receives the flattery of emulation by the Soviets, has the warm support of the American people, and has received solid support from both sides of the aisle. It was initiated with the watchwords "a bold new program." The provision to hamstring technical cooperation turns its back on an inspired beginning, bipartisan execution, and on great future needs. The provision must be rejected.

ILLUSTRATIONS BASED ON SUCCESSFUL EXPERIENCE

First. Governments or ministries may suddenly change after the date of the preparation of the presentation materials for Congress in December and January—recent examples are Korea and Turkey—and it may become possible to undertake technical assistance in fields to which the United States has attached high priority in the past but the foreign government has not. The fields of tax, financial, and land reform are examples of areas where lack of adequate action by many underdeveloped nations has increased the amount of defense support and special assistance required to keep the country from collapse. The ability of the United States to respond quickly to requests for help in these fields—rather than to wait 1 to 2 years—could result in great savings in the amount of support assistance required from the United States as well as increasing the political stability in these countries at a much earlier date.

The House Appropriations Committee bill would prevent the use of the technical cooperation appropriation to meet these needs.

Second. The Technical Cooperation program has been one of our most successful, if not the most successful, instruments for identifying the United States with the aspirations for progress in the newly independent nations. A principal element in this psychological success has been the flexibility and speed with which the technical assistance can be provided—and a major concern of both the executive branch and of many Members of Congress in recent years has been how to speed up effective action even further. The House Appropriations Committee bill goes in exactly the opposite direction, compelling additional delays of as much as 1 year in the use of technical cooperation funds. To a country in a hurry, only recently independent—Vietnam, 4 years; Sudan, 2 years; Congo, independent this month—an additional year is a long, long time—and makes it much more difficult to prove that the United States is really interested in helping them on their problems.

Third. The Soviet bloc may offer to extend technical assistance to neutralist countries in key fields which could result in greatly increasing their capabil-

ity for infiltration and subversion in that country. The past ability of the United States to act quickly with offers of technical assistance in such circumstances has effectively kept bloc personnel out of such key fields in many countries as police training, air transportation, teacher training, and radio communications.

Fourth. Experience over the past 5 years has convincingly demonstrated that if the United States has a modest but effective program—in which technical cooperation is a major or the principal component—in operation in a neutralist, newly independent country before the bloc starts its program, the political and public relations impact of the bloc program is far, far less in most instances than where the bloc starts its program first. In the former circumstance not only will the United States already have established itself in many of the most important fields of activity and decreased the internal pressure to seek extensive and early assistance from the bloc, but will have established a qualitative standard by which the bloc activities can be compared and, despite widespread public impressions to the contrary, the bloc has suffered by comparison in the majority—but not all—cases.

Ceylon, Cambodia, Sudan, Ethiopia, and Nepal are some examples of U.S. success as a result of timely U.S. action; Syria and Guinea are examples of major Soviet successes where the United States has delayed its programs. Afghanistan is an example of a draw, probably in the favor of the U.S.S.R., even though the United States was in first; but there have been two special circumstances: first and most important has been the bitter Afghan conflict with the U.S. military ally, Pakistan; the second has been U.S. performance on implementation which has been below that of the average U.S. program in other countries.

The House appropriations bill would preclude the use of the technical cooperation appropriation for timely action. Reliance would have to be placed on a contingency fund which is already greatly overburdened.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from New York.

Mr. TABER. I want to say to the gentleman that I believe that this language in the bill at this point is absolutely necessary if we are going to have any integrity in our legislative procedures or any control over such things as this.

Mr. GALLAGHER. I thank the gentleman, but respectfully disagree.

Mr. PASSMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Florida.

Mr. HALEY. All this language means is that you want the people who are using our own money to come back here and justify the expenditures of that money, just like the people have to do in the Western States when they want

to put in irrigation and reclamation projects.

Mr. PASSMAN. That is correct.

Mr. Chairman, this limitation came very near to being unanimous in the committee.

Under the present legislation—not the bill today, but prior legislation—the Department may use deobligated funds to start new projects. Some of those projects which they have started in this manner would take us into 1975.

There are approximately 1,500 projects, with something like 4,000 separate subprojects, and when they come before our committee they are in two different categories: one, "continuing," and the other known as "new." We do not know what projects have been justified before the committees of the Congress or what contracts have been started with deobligated funds. We discovered situations of the latter type which were absolutely alarming; and had the gentleman read the hearings carefully and completely, I do not believe he would have offered this amendment. There has never been any category of the mutual security program abused to the extent of the technical aid part of it.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. Not only have I read most of the testimony, but I lived through our own testimony before the Committee on Foreign Affairs. I also recall the gentleman's statement of yesterday when the gentleman said they only wrote certain language in the bill because the witnesses who appeared before the committee did not pay attention to his committee.

Mr. PASSMAN. I think the members of the committee were almost unanimous on this provision of the bill. The Department witnesses indicated that they would start new projects, the committee's position notwithstanding. Now, we are dealing with something here that if the cost is projected into the future, it may go into billions of dollars. And, it may very well be that perhaps half, or more, of the projects now funded were never approved in the beginning, by any committee of the Congress.

Let us imagine that the Chief of the Corps of Engineers had a few thousand dollars left over in your own home State, and some favorite constituent wanted an investigation made, and another constituent wanted to use the money, say \$5,000, for starting a million-dollar project. Now, that would be comparable to what we are into here.

I think this is the most important provision in this bill, to prohibit these people, on items of this nature, to go out and make obligations, enter into contracts, then place them over in a continuing category, so that when they come before the congressional committees we do not know whether they had ever been justified before the Congress or whether on their own initiative they started these projects.

I might add that at this time there are 676 of such projects as these in effect, with obligations totaling \$347 million.

I think the time has come when we must tighten up on such practices.

The CHAIRMAN. The time of the gentleman from Louisiana [Mr. PASSMAN] has expired.

Mr. PASSMAN. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

Mr. MASON. Mr. Chairman, I object.

Mr. CONTE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from New Jersey. I opposed the committee amendment because I felt that it destroyed the flexibility of the entire program.

Mr. Chairman, we have a peculiar situation, whether we like it or not, of 12 new countries that have gained their independence in Africa. Before this 12-month period is up we will have 30 new countries in Africa. The Sino-Soviet bloc are down there working night and day trying to gain the hearts and the minds of the people in Africa.

One of the most effective programs that we have is this point 4 program of technical assistance. Mr. Chairman, if the committee amendment prevails, then not one project can be started for the Camerouns, Dahomey, Niger, Upper Volta, Mali, Madagascar, Togo, Sierra Leone, or the Congo. You could not start one of these technical cooperation projects because they would not have been justified before our Committee on Appropriations.

Mr. Chairman, I have great respect for my chairman. I have worked very diligently with him through the 16 weeks of our hearings and he has done an excellent job. I believe there is not a harder working man in the Congress.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield.

Mr. PASSMAN. I appreciate that comment.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Michigan.

Mr. FORD. Mr. Chairman, I think the record should show that this program since its inception has never had a limitation of this kind. With some exceptions the program in this area has proceeded, I think, reasonably well, with a limited number of instances of poor management, poor projects, poor execution. With this background, it is unnecessary to include this provision. Therefore I endorse the amendment.

Mr. CONTE. The gentleman from Michigan is absolutely right.

Mr. EVINS. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman.

Mr. EVINS. Does the gentleman feel that we should have a different rule, a rule of flexibility, for foreign projects than we have for our own Corps of Engineers projects and Bureau of Reclamation projects in this country? All the latter must first be approved by the vari-

ous subcommittees on appropriations before they may proceed with the project. The gentleman is suggesting that we have a different rule for our friends overseas.

Mr. CONTE. This comes under the technical cooperation program, which is altogether different. Here we are dealing with newly developed countries. We are dealing with emergencies that arise throughout the world in Africa and southeast Asia. I do not think the two situations are parallel.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman.

Mr. GALLAGHER. I would like to point out that the amendment offered by the committee was turned down by the Committee on Foreign Relations as being completely impractical and unworkable. I might say also, in response to the comment of the gentleman about having a different standard in the United States, that the Comptroller General also has said that it is not practicable to have this type of approach in an international problem such as in the technical cooperation program. He did not advocate the adoption of this type of legislation for this program.

Mr. CONTE. Mr. Chairman, furthermore I would like to point out why this is inflexible. We are tying the hands of the people who are involved in this program. If you negotiate a contract with a country such as Togo in Central Africa, and you find the program is going to be too costly, and would like to switch that program over to another program where you can save some money, under this proposal of the committee, unless it is approved by the House Appropriations Committee, you would have to go through with the costly program or defeat it entirely.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Illinois.

Mr. YATES. With respect to the inquiry of the gentleman from Tennessee, justification is first made on domestic projects to the Committees on Public Works of the House and the Senate before they even go to the Appropriations Committees. Under the rider which is in this bill, the departments could not even initiate the projects to the Foreign Affairs Committee of the House and the Foreign Relations Committee of the Senate before going to the Appropriations Committee. Would this reverse the usual procedure? Would the agency first have to go to the Appropriations Committee and then return to the Foreign Affairs Committee in order to justify the project? Is that the way it works?

Mr. PASSMAN. It would not work that way. The only thing we want them to do is to justify the project before either the Foreign Affairs Committee or the Appropriations Committee or both.

Mr. TABER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am going to tell you just exactly what inspired this language, the kind of business that has been going on. It is about time we began to wake up and realize some people have been doing things that will not pass muster.

I hold in my hand a couple of programs regarding schools, high-toned schools like Johns Hopkins University and others of similar character, set up by folks who want to run research institutions and all that sort of thing. Here they were day after day supposed to have lectures for 5 days a week in the morning and some days afternoon lectures in addition. When we sent inspectors to find out what was going on, there was nothing going on at all. They got \$4,000 apiece for 20 of these people they were supposed to be training, \$80,000 overall for each group. The total expenditure, as near as I can figure it, was \$34,400,000 out of this particular item. It was their big item last year. How many want to vote for that piece of foolishness, that absolutely ridiculous procedure?

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Louisiana.

Mr. PASSMAN. Is not this the same program where they took 9 former Government employees and 3 others, 12 in all, to start with, some of them making \$80 or \$90 a week, and it cost us approximately \$90,000 a man to maintain them in Iran for 3 years?

Mr. TABER. It is the same kind of procedure.

Mr. PASSMAN. Ninety thousand dollars per man for 3 years, because they did not have to give any justification.

Mr. TABER. Nobody who is a friend of this program ought to vote for this amendment to strike this language out, because it means absolutely destroying the civil service of the United States.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Louisiana.

Mr. PASSMAN. This is the program under which these people started so many projects in Taipei, and they had to abandon 206 of them because they just could not make them hold up. When you give the people the money and they can go out and obligate it, when they have not come before the committees of the Congress, you do not know what kind of a deal they are going to get into; is that not correct?

Mr. TABER. That is exactly correct. I think we ought to force these people to be honest. If we are not going to do that, I do not want anything to do with that kind of performance.

Mr. YATES. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time in order to clarify the language in the amendment. I would like to know what the word "initiate" means. As I understand the word would prohibit taking any measures at all until ICA first appears before the Committee on Appropriations of the House of Representatives and of the Senate. Is that the intention of the language? Or could ICA officials appear, for example, before the Committee on Foreign Affairs of the House and of the Senate and relate their plans and their programs? If they did this, would they be violating the term "initiate any project or activity"?

Mr. PASSMAN. You can substitute the word "start" for the word "initiate." It does not matter which way we argue it. It is up to the Committee on Appropriations, after the authorizations and the fixing of the ceilings, to examine the needs and to recommend the amounts of money to be appropriated.

I do not think the gentleman can possibly argue successfully against this language. It only provides that they come before the committee and say that, for example, here is a project which would take 4 years to build, and give the cost of it, which is going to be so many dollars. Then, we would go into it and examine it, asking questions as we do for projects here in America. If we find they have merit, the money can be approved; if not, they will be turned down.

Mr. YATES. Will the gentleman permit me to ask another question?

Mr. PASSMAN. I am happy to have the gentleman ask me a question.

Mr. YATES. As I understand the gentleman's explanation then, it is perfectly proper for the agencies to consider the initiation of projects, to make plans for presenting such projects to the Congress, and to present those plans to the Congress through the Committee on Foreign Affairs in the House and the Committee on Foreign Relations of the other body before making their justification to the Appropriations Committee.

Mr. PASSMAN. That is the whole purpose of it, to have them present the proposal to the committees of the Congress so that they can justify it before they start spending money and entering into contracts that will take us in some cases up to 1972, and others that will take us up to 1975.

We have shown you the record that the cost may exceed \$1 billion before completion, if you should give them the money to carry out all the projects. It is intended to call a halt to starting these projects which have never been justified before the Congress.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. I would like to point out that it is the duty of the Committee on Foreign Affairs also, and an obligation that we have taken quite seriously, to review all these projects as they come about. I should also like to point out the authorization legislation which was passed by this House by a vote of 234 to 132. At that time the membership considered this bill without this provision. I do not see why we should now be changing our course.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Louisiana.

Mr. PASSMAN. As I understand it, the Committee on Foreign Affairs wanted to leave it up to the Committee on Appropriations to establish some criteria and to set some limits on these projects. There is no limit, as it is now.

Mr. Chairman, I ask for a vote.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. PASSMAN. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment, and all amendments thereto, close in 10 minutes.

Mr. O'HARA of Illinois. Mr. Chairman, I object.

Mr. PASSMAN. Mr. Chairman, I move that all debate on the pending amendment, and all amendments thereto, close in 15 minutes.

The CHAIRMAN. The question is on the motion offered by the gentleman from Louisiana [Mr. PASSMAN].

The motion was agreed to.

The CHAIRMAN. The gentleman from Iowa [Mr. Gross] is recognized for 5 minutes; then the Chair will announce the division of time amongst the Members indicating a desire to be heard.

Mr. GROSS. Mr. Chairman, it is hard for me to understand why anyone should offer an amendment striking this provision from the bill. Some reference has been made to the Government Affairs Institute as an example of what is happening in this program. The Subcommittee on Appropriations asked three top officials, including Inspector General Murphy, about this program. To begin with they apparently did not know they had a \$1,113,000 contract with a management firm to supply 12 technicians to tell the Iranian Government how it should be run and they did not know any of the officials of this management firm. Read the hearing record. When first asked, they said in succession: I do not know; I do not know; I do not know."

This is the language that is sought to be stricken out:

That no part of this appropriation shall be used to initiate any project or activity which has not been justified to the Committees on Appropriations of the House of Representatives and the Senate.

What is wrong with that provision? Why should not the Congress of the United States know what these bureaucrats seek to do with the money that is so liberally provided in this bill? This is simply the right to know and unless there is this right, Congress cannot serve the people of this country. This is one provision of the bill I support.

The CHAIRMAN. The gentleman from Illinois [Mr. O'Hara] is recognized.

Mr. O'HARA of Illinois. Mr. Chairman, I am concerned with the language in the bill which states that no project or activity can be initiated unless it has been justified to the Committees on Appropriations of the House of Representatives and the Senate. I wonder why the Foreign Affairs Committee of this body was ignored? I understand that in other matters the Committee on Public Works is considered, and certain matters may go there, then to the Committee on Appropriations, but in this case there is a complete bypassing of the Committee on Foreign Affairs, and as a member of that committee I resent it.

I yield back the balance of my time, Mr. Chairman.

The CHAIRMAN. The Chair recognizes the gentlewoman from Illinois [Mrs. Church].

Mrs. CHURCH. Mr. Chairman, I have asked for this time in order to get

information, if I can, as to exactly what this amendment would do.

I see the question from two sides, I would say to the chairman of the subcommittee. I know perfectly well what he is trying to do, and how necessary it is that some control be written into the program. On a recent trip that was made by our Subcommittee on Foreign Economic Policy it took us some time before departure to get a list by applying some pressure, of all projects in the areas to be visited. Although finally we obtained what was said to be a complete list, we found in some cases that some of the projects represented as being carried on were unknown to the local team; and some places where projects were being carried on that had not been listed.

On the other hand, I do recognize that the technical assistance program was initiated as one of the most valuable parts of our mutual assistance program. I also am tremendously concerned lest the small amount of money set aside to initiate technical training in Africa be held up for another year. I wonder if the gentleman from Louisiana could tell me if this amendment were voted into being, exactly how the program would be initiated in a new country.

If the technical assistance team wished to initiate small projects while the Appropriations Committee was not meeting because the Congress was not in session, what would be the procedure and how long would be the delay?

Mr. PASSMAN. Mr. Chairman, will the gentlewoman yield?

Mrs. CHURCH. I yield to the gentleman from Louisiana.

Mr. PASSMAN. It is my understanding that so far as special assistance is concerned we have no provision prohibiting funds out of that account. This does not deal with tropical Africa. That comes in under special assistance. It has to be understood, realizing the nature of these projects, that all they would have to do would be to come before the Congress and justify them, then they would get the money.

Mrs. CHURCH. Would it be possible always to bring a project to the attention of the committee within a reasonable time?

Mr. PASSMAN. It is my understanding that we are trying only to provide for reasonable justification to the Congress. I do not know anything so important about bilateral technical aid that would preclude such justifications. As it is now, they have gone wild. There are some 1,500 regular projects and about 4,000 special projects. The Congress has just about lost all control of it.

Mrs. CHURCH. The gentleman knows that I agree with him on that. We have lost control of the program. I would like to see the Committee on Foreign Affairs brought into the picture, when it comes to authorization, however.

Mr. GARY. Mr. Chairman, will the gentlewoman yield?

Mrs. CHURCH. I yield to the gentleman from Virginia.

Mr. GARY. This amendment does not apply to defense support or to military assistance. It applies only to the technical assistance part of it. No program should be considered without some authorization.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, I rise in support of the amendment to eliminate this language from the bill. Technical assistance is probably the most basic work we are doing in trying to help newly emerging countries develop the skills necessary to manage their affairs well and have hope of survival.

It has never been an expensive program, relatively. The amount authorized by the committee is \$22 million less than what was authorized by the Congress only a month ago. Some of these programs involve difficult situations in all kinds of countries where they may have to move rapidly. Maybe some decisions made will not work out; that is part of the risk we take. But to hamstring the agency so that it can do nothing, is a much greater risk. To freeze the program into such a rigid position as the bill's language would impose, would be an extremely unwise thing to do.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from New York.

Mr. TABER. How is it going to be possible to stop the ridiculous waste of money they have been pulling off, and the things they have failed to do?

Mr. JUDD. When they face any emergency or changed situation, they should initiate a program to meet it. They then would have to come within a year to the House Foreign Affairs and Appropriations Committees and the same committees in the Senate. If at that time one or more of those committees decides the action taken is ill advised, ill conceived, mismanaged, or what not, the committee can include in its bill a provision saying that none of the funds appropriated therein shall be used for the designated project. Congress can get complete control within a year.

None of these technical assistance programs runs into a large amount of money. It seems to me, if we want to win in this fierce world struggle, we must have maximum imagination and flexibility for those administering this program. We can check within a year on any action they take and correct or stop it, if they have done something they should not have done.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Louisiana.

Mr. PASSMAN. These projects were authorized by the gentleman's committee. We cannot consider any money appropriation until first the gentleman's committee has provided for the authorization.

Mr. JUDD. I am not making my argument on the basis of committee jurisdiction.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. CURTIS].

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Massachusetts. I yield to the gentleman from Minnesota.

Mr. JUDD. I thank the gentleman from Massachusetts. I am not making my case here on the matter of committee jurisdiction. That case, I think, has been well made by the gentleman from Illinois [Mr. O'HARA]. I am basing my argument on the importance of the technical assistance program. I want every ill-conceived or wasteful program to be checked on and, if advisable, eliminated. But I do not want to freeze this agency so that it cannot operate in the present fluid world situation effectively. I think it ought to be given maximum hope of success.

Mr. CURTIS of Massachusetts. Mr. Chairman, I support the amendment, and believe that the committees of the House can control this program without putting it in a straitjacket. We are discussing technical cooperation, which is frequently referred to, especially by those on my right, as the point 4 program. That program was initiated with fine imagination, and has been carried out with the approval of the country. It is a program in which we are more in competition with the Soviets than in any other programs included in this bill. They move into newly freed and less developed countries and seek to capture the minds of the people. This program makes it possible for us to show those people that they can make progress in freedom. To do this effectively and at the proper time requires more flexibility than would be permitted under this bill.

In closing, I want to quote what the President said to the Philippine Congress people only a few days ago:

But our chief and most potent asset, in the battle for men's minds and their loyalty, is our commitment to the mutual interchange of knowledge and wisdom and culture; our commitment to the mutual interchange of new skills.

Mr. Chairman, that is what this program is for, and you cannot run this activity the way you run that of the Army Engineers. The amendment should be accepted.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. PASSMAN].

Mr. PASSMAN. Mr. Chairman, I want to say again that we are not attempting to bypass the Committee on Foreign Affairs. We are not attempting to take jurisdiction. In no case will this committee ever give any thought or consideration to appropriating for any project until the Committee on Foreign Affairs has first authorized it, and after it has been justified. All that we are trying to do is help the administration do a better job.

Let me say this: It was very nearly unanimous all the way along the line that the time had come to put some sense into this program, which has been spreading throughout the world with practically no limitation whatsoever.

Mr. BASS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Tennessee.

Mr. BASS of Tennessee. I would like to say to the distinguished chairman of the subcommittee that the language which this amendment attempts to strike out is the only part of this entire bill that I am for, and I hope it stays in. It makes sense.

Mr. PASSMAN. I thank the gentleman.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. I am very happy to hear the gentleman's words about not taking over the prerogatives of the Committee on Foreign Affairs. But, in effect, that is exactly what you are doing. I might also point out that over 1,000 projects of this nature have come before his own committee, and not one project has been declined or revised.

Mr. PASSMAN. As the situation now stands, there is not a member of this committee and there is not a Member of the House of Representatives who can identify, without inquiry, what projects have been justified before committees and what projects have been started on their own initiative. The projects are in a continuing category before they ever come to the committee, and they are really more fouled up than you might think they are.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Minnesota.

Mr. JUDD. Your subcommittee surely can find out whether it is a new project or a continuing project by just checking whether it was begun in the last fiscal year. If it was begun in the last fiscal year, obviously it is new.

Mr. PASSMAN. To accomplish that purpose would require something like 4,000 separate investigations, for that is the number of projects and subprojects included in this program.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. GALLAGHER].

The question was taken; and on a division (demanded by Mr. GALLAGHER) there were—ayes 55, noes 137.

So the amendment was rejected.

Mr. COFFIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COFFIN. On page 2, line 23, strike out "Committees on Appropriations of the".

Mr. COFFIN. Mr. Chairman, I have had a conversation with the chairman of the subcommittee and it is his intention, as I understand it, that under this procedure which has just been written into the House bill, the Committee on Foreign Affairs would not be bypassed, that his committee would not propose to appropriate unless there had been authorizing legislation. Therefore, this language merely makes clear that the ordinary authorizing-appropriating procedure would take place as it does in all other areas.

Mr. PASSMAN. Mr. Chairman, I, myself, am perfectly willing to agree to the gentleman's amendment. The gentleman's committee authorizes these projects individually and then we appropriate for them individually.

Two committees working together can certainly do a better job than one.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine [Mr. COFFIN].

The amendment was agreed to.

Mr. WESTLAND. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have taken this time for one reason. I have listened with a great deal of interest to the debate on the technical cooperation program which I personally favor, believing that it is one of the best parts of this type of legislation. I have voted for the bill in the past and expect to vote for it this time.

However, some of these programs, to my mind at least, are a little bit difficult to swallow. I should like to ask the chairman of the subcommittee this question. I notice in the report on page 6 that there is a technical cooperation program for Iraq, for example, for \$1 million; a technical cooperation program for Cuba for \$350,000 and for the Dominican Republic for \$280,000.

I just voted to sustain the language that was in the bill, so I presume that whoever came before the Committee on Appropriations had to justify these requests. This is not very easy for me to swallow.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. WESTLAND. I yield.

Mr. PASSMAN. Does the gentleman mean they had justified these projects?

Mr. WESTLAND. Yes.

Mr. PASSMAN. It is my understanding that, as the situation has been, they get the money, and then enter into their own contracts without any specific authority on any individual contract. Under the amendment just adopted, of course, we will have the opportunity to look them over and either approve the funds or deny the funds.

Mr. WESTLAND. Is the gentleman saying that there are not funds in the present bill before us for a technical cooperating program for Iraq for \$1 million, for Cuba for \$350,000 and for the Dominican Republic for \$280,000?

Mr. PASSMAN. It is my understanding that after the completion of the contracts now under way, the President is going to suspend the program with Cuba.

Mr. WESTLAND. What is the situation as far as Iraq is concerned?

Mr. PASSMAN. If we have entered into a contract, then we are going to have to live up to our commitment. This provision will be applicable to future contracts, not to those which are now in effect.

Mr. WESTLAND. There has been a little change in government in Iraq.

Mr. PASSMAN. We are not trying to take over the President's prerogatives. I think our President will have the right to determine whether or not this program should be suspended in Iraq.

Mr. WESTLAND. It seems to me it is within the province of the Committee on Appropriations to decide that, and not appropriate funds.

Mr. PASSMAN. Under the provision approved, it shall be within the committee's province in the future. We will appropriate authorized funds when they have been justified before the committee. The committee's position is that if our President should deem it in the best interests of the country to terminate a contract, he always has that right.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. WESTLAND. I yield to the gentleman from Michigan.

Mr. FORD. All three programs for the three countries the gentleman mentions were programs submitted at the time of the request for the authorization of the \$172 million. This bill provides \$150 million, a \$22 million reduction. In effect we are squeezing it down so that the executive branch has to make certain reductions or cutbacks. They have already done so in the case of Cuba and I am sure they will have to do the same thing in other places.

Mr. WESTLAND. May I suggest to the gentleman from Michigan that I hope he can work out a way to squeeze out Iraq and Cuba and the Dominican Republic.

Mr. ROOSEVELT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROOSEVELT: On page 2, line 20, strike out "\$150,000,000," and insert in lieu thereof "\$172,000,000".

Mr. ROOSEVELT. Mr. Chairman, this amendment restores the cut made by the committee and brings it back to the budget estimated amount. The reason I do this is that we have just adopted in this House a provision which absolutely guarantees that no one can make the argument that in future appropriated funds there is not going to be the most careful look at each and every program. Having done that, are we going to face the world and say that we have raised the amount of military aid by \$200 million, already acted upon, and then tell the people of the world that are listed on page 6, and remember, these are the people of the world that we want to win to our side, that the only thing America is interested in is the military side of this problem. We would seem to be telling them that we are not interested in them as people in their efforts to develop themselves for democracy. I just do not believe we really want to do that. Twenty-two million dollars is a drop in the total bucket, you might say. I hope that my colleagues will see fit to restore this amount. It will be reviewed as already provided for with great care by two committees so that there could be, I hope, no possible extravagance. It would be a signal to the world that we are looking not only on the military side of things but on what is going to help people, and people are what are going to make a victory for democracy over communism in the long run.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman from Michigan.

Mr. FORD. Is it not fair to say, however, that even with the \$200 million added to the military assistance program that appropriation is still 10 percent below the total requested by the Chief Executive? However, the gentleman's amendment puts the technical cooperation amount up to 100 percent of what the Chief Executive requested. I think your argument would be sounder if you used the same percentage figure in both cases.

Mr. ROOSEVELT. I will be glad to have a substitute amendment offered, if the gentleman wants to offer it. But, at least in my book, it is better to have a 100 percent appropriation that goes directly to the benefit of people and emphasizes that part of our national affairs.

Mr. Chairman, I hope the Committee will adopt the amendment.

Mr. PASSMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from New York.

Mr. TABER. Is it not a fact that this particular item is one where \$34,400,000 was wasted on one crazy project?

Mr. PASSMAN. On which one of the crazy projects?

Mr. TABER. On that crazy educational program.

Mr. PASSMAN. Yes; and that is just one of them.

Mr. Chairman, we have always provided too much money for this particular phase of the program. I think the year before last, that would be fiscal 1959, even before we had concluded the hearings, Secretary Dillon stated that they had overprogramed and that they would not need the amount of money requested. Consequently, we cut it back, I believe, by \$10 million, and I think they finished that year with unobligated funds in the amount of \$8 million.

Here are some of the facts and figures relative to this item: In 1956 they deobligated \$18,101,000. In 1957 they deobligated \$6,448,000. In fiscal 1958 they deobligated \$17,989,000. In 1959—that was the last complete fiscal year—they deobligated \$19,350,000 out of this one category. Through February of this year, for fiscal 1960, they had already deobligated \$5,427,000. So what they actually do, and make no mistake about it, is to enter in many of these contracts hurriedly and haphazardly. There is no justification for them. They get started and they have to cancel them, and others they just put behind an obligation, and after we go home they deobligate and take that money and reobligate it. All we are trying to do is to make a better program out of it.

I certainly hope you will take into account also that in this particular fund you have now the special assistance and development loan and so many of these other items included also for technical aid that they are quite difficult to find.

Technical aid will have \$318,417,000, with a carryover and the new appropriations recommended.

I certainly hope you will vote this amendment down.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I am happy to yield to the gentleman.

Mr. ROOSEVELT. Would not the gentleman agree, when the President went down to South America on his recent visit, he came back and announced that the one thing the people down there really needed was this technical assistance? I do not say that every project on which money has been spent down there is a good project, but I do say that with the help of the language which is now in the bill, proper precautions can be taken to protect the interests of both the South American and Latin American countries as well as of the United States. We realize, certainly, that the need exists. We realize, certainly, that there is a need of assistance in the Latin American countries and South American countries and, certainly, we need their assistance if we need the assistance of any nations. I am sure the gentleman will agree that we should not slap our friends in the face.

Mr. PASSMAN. Let me say to the gentleman, you have sufficient money in what the committee is recommending to take care of every project under consideration. These people have been getting too much money. It has been stacking up.

You will have no regrets if you support the committee in its recommendations.

Mr. ROOSEVELT. Would not the gentleman agree, however, the President stated that there was a need for new projects to come forward and to be appropriated for?

Mr. PASSMAN. I might say to my distinguished friend, intended humorously, of course, that this situation reminds me of being in a city where they close the saloons at midnight. We had better get a couple of more drinks because there will not be any available after 12 o'clock. Would the gentleman advocate just because we are setting up some restrictions that they had better load up with contracts before they have to justify it to the committee?

Mr. ROOSEVELT. No, but I would like to be sure that if some worthy project that could be justified came up that there would be opportunity and money for it.

Mr. PASSMAN. Such a project is amply taken care of under the restrictive language of the bill.

I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. ROOSEVELT].

The amendment was rejected.

Mr. TABER. Mr. Chairman, I would like to suggest to the gentleman from Louisiana [Mr. PASSMAN] that we on this side think perhaps the balance of the bill might be considered as read and open to amendment and points of order at any point.

Mr. PASSMAN. I should like to have the reading of the bill continue in regular order. We can limit debate and get through I think more quickly than if we turn it wide open to amendment.

I assure the gentleman from New York I shall consume very little time during the balance of the day.

The Clerk read as follows:

United Nations expanded program of technical assistance and related fund: For contributions authorized by section 306(a), \$33,000,000.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 3, line 2, strike out "\$33,000,000" and insert in lieu thereof "\$30,000,000."

Mr. GROSS. Mr. Chairman, I have heard all the debate on this foreign handout bill and I never cease to marvel at some of the statements, especially when even the supporters find it convenient to decry the ridiculous spending, ill-conceived projects, waste, extravagance and corruption. They are apologists for all this and yet they vote for it. Someone else mentioned the President's great and undying affection for the foreign handout program. I cannot help but recall another statement made by the President not long ago in which he called for belt-tightening, austerity, frugality, and so on and so forth. There are some very interesting contradictions that we get each year, in connection with this giveaway deal.

Now let me turn to my amendment.

Last year both the House and Senate reports on this bill advised the Mutual Security Administration that a reduction in percentage and total dollars contribution to this U.N. program was desired. The agency has ignored this request by asking for an increase in funds for fiscal year 1961.

If this program is so important, why cannot the other participating nations in the United Nations provide for a greater share of the costs, particularly in view of the additional bilateral technical assistance and special assistance programs currently being funded by the U.S. taxpayers?

The \$30 million would provide the same amount as provided for fiscal year 1960.

It might be of interest to my colleagues to know that \$1 out of \$5 contributed to this U.N. fund goes for administration and operational cost of the program. If an American businessman had such overhead costs he would go broke in no time.

Let us look at a little of the history of this program. From the record of the hearings and the statement by Assistant Secretary of State Wilcox, the U.S. delegate to the United Nations last year, Representative JAMES G. FULTON, of Pennsylvania, pledged—get this—pledged \$40 million of our money for the calendar year 1960 for this United Nations technical assistance program. How anybody can be so fast and so free with somebody else's money is amazing. But our colleague from Pennsylvania

[Mr. FULTON] pledged \$40 million; not \$33 million, but \$40 million.

Now, let us look at some of the other testimony on this subject.

The gentleman from Louisiana [Mr. PASSMAN] put in the RECORD the figures on this appropriation for several years past and up to the present. I am not going to take the time to read it. Then, the gentleman from New York [Mr. TABER], after the gentleman from Louisiana had questioned why there should be an increase in the program, said this: "I would like to know why it is necessary to have any program."

Not a \$3 million increase, but any program at all, was the question of the gentleman from New York [Mr. TABER].

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Ohio.

Mr. HAYS. Did the gentleman say our share of this is 33 percent?

Mr. GROSS. I do not know what percentage our share is. It must be at least 33 1/3 percent. I do know it was \$30 million last year and now they want \$33 million.

Mr. HAYS. I will say the gentleman is on the right track because our share of NATO, and so forth, is only 24 percent. That is because some of us got in there and argued with these people, and they agreed we should not pay more than that. That is only 15 nations. The United Nations is all of the nations in the world.

Mr. GROSS. The gentleman from Louisiana pointed out to the witnesses appearing before his committee on this subject that last year he had told them a reduction was in order, not an increase. In the light of what has happened, the people running the giveaway program thumbed their noses at the committee and Congress; is that not correct? They thumbed their noses at the committee for one of the top officials said he had not even read your report in which you told him you wanted a reduction.

Mr. PASSMAN. But that is not the worst part of it.

Mr. GROSS. Let us cut this back to the appropriation for the current year. Let us take \$3 million off this program and stop indulging in lipservice.

Mr. PUCINSKI. Mr. Chairman, the gentleman from Iowa [Mr. GROSS] has asked why the United States should engage in the building of a children's hospital in Krakow, Poland. I am sure the gentleman is well aware of the tremendous contribution that the people of Poland have made to the defense of freedom, not only in World War II, but for many centuries before that.

I strongly support this proposal to build a children's hospital in Krakow, Poland. It is neither the fault of the children of Poland nor even their parents that this gallant nation today finds itself under the rule of a Communist regime. This Communist regime which today rules the people of Poland was imposed on these people through the hypocrisy and deceit of the Soviet Union immediately following World War II, and despite the fact that the people of

Poland had been promised free and unfettered elections after the war, it was Soviet treachery which has denied these Polish people this right. There is no question in my mind and I feel confident that the gentleman from Iowa [Mr. GROSS], will agree, that if the people of Poland were given the privilege of holding free and unfettered elections today, not a single Communist would survive in public office in Poland.

The history of the Polish people's determined struggle for freedom has been a source of inspiration to all nations of the world for many decades. We know that the people of Poland have traditionally maintained the true spirit of liberty against overwhelming odds. We know that even in 1956, when the people of Poland were faced with indescribable recriminations, they staged the gallant uprising in Poznan which has led to at least a semblance of independence from complete Soviet domination.

I respect the efforts of the gentleman from Iowa [Mr. GROSS] to indulge in economy, and I certainly share his great desire to ascertain that every American dollar spent in the mutual security program will bring the most positive results. Mr. Chairman, it is my sincere opinion that this project to build a children's hospital in Krakow, Poland, is one of the best features of this entire legislation. This hospital is to be built with counterpart funds which belong to the United States and cannot be spent anywhere but in Poland. I can think of no more humane project than this proposed hospital to demonstrate to the people of Poland that the United States continues to hold them and their dedication to freedom in high regard. This hospital built with American counterpart funds will be a monument to the tradition of charity and humane understanding which has characterized the American people since the founding of our Nation.

Few countries in the world have suffered as much as the Polish people have in their struggle for freedom. The present Communist regime in Poland, I am certain, ultimately will fall of its own oppression. But this hospital, which will help open new health opportunities for the little children of Poland, shall continue to stand and serve humanity.

The assistance that we propose here today to the people of Poland is a dramatic way in which we Americans can demonstrate our traditional friendship to the heroic people of Poland. I am confident that the day will come when Poland and all the other captive nations of Europe will again join the family of free nations. This hospital, along with all the other assistance that we give to the people and children of Poland, will long remain as America's contribution toward that goal.

I am hoping, Mr. Chairman, that we will not only approve the expenditures for this very humanitarian project in Krakow, but that in the near future we will also approve a project to build a school in Hyze, Poland, the birthplace of Gen. Wladyslaw Sikorski, in his honor. This great Polish general was killed during World War II at the height of his

efforts to lead Poland as a gallant ally of the western democracies.

We have in Poland now, some \$79 million of frozen counterpart funds. I know of no greater way to help the people of Poland and the people of other captive nations to understand that we have not forgotten them during this tragic period when they must suffer the loss of freedom to Communist rule, than to encourage the liquidation of these counterpart funds on humane projects such as the children's hospital in Krakow. It is for this reason that I am strongly supporting the amendment of the gentleman from Wisconsin [Mr. ZABLOCKI] and hope that the House will concur in its adoption.

Mr. PASSMAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Iowa.

This is just a little different from the bilateral technical aid program. Whether I like the program or not I must face up to my responsibilities and recognize that we are already committed. We gave our representative permission, consent or authority to commit our Government for a certain amount of money. We make this to the U.N. and the U.N. makes the allocations. If it is the wish of the Committee on Foreign Affairs to recommend a lesser amount next year and if that fact is indicated to the members of the U.N. which are participating in putting up the other portion of the money, I, myself, will go along with that; but as long as we have made a commitment we should live up to our commitment.

Mr. Chairman, I hope the amendment will be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The question was taken; and on a division (demanded by Mr. GROSS) there were: ayes 32, noes 93.

So the amendment was rejected.

The Clerk read as follows:

Special assistance, general authorization: For assistance authorized by section 400(a), \$206,000,000, of which not to exceed \$1,500,000 may be used to purchase foreign currencies or credits owed to or owned by the Treasury of the United States for assistance authorized by section 400(c) for construction of the American Research Hospital for Children in Poland at the University of Krakow: *Provided*, That no part of this appropriation shall be transferred by the International Cooperation Administration or the Department of State to the Benjamin Franklin Foundation, until a new agreement is entered into between the United States and the Benjamin Franklin Foundation which contains adequate financial and administrative controls for the protection of the Government of the United States.

Mr. GROSS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. GROSS. Mr. Chairman, I make the point of order against the language beginning on page 3, line 7, and ending on line 12 which reads as follows: "of which not to exceed \$1,500,000 may be used to purchase foreign currencies or credits owed to or owned by the Treasury of the United States for assistance authorized by section 400(c) for con-

struction of the American Research Hospital for Children in Poland at the University of Krakow."

Mr. CHAIRMAN, this language is legislation on an appropriation bill. The authorizing act, the Mutual Security Act of 1959, provides for the utilization of "foreign currencies for hospitals abroad designed to serve as centers for medical treatment, education and research founded or sponsored by citizens of the United States."

In contrast, this language in the bill under consideration provides for a discretionary use of appropriated funds to purchase foreign currencies owed to or owned by the Treasury of the United States. The authorizing language does not provide for the use of appropriated funds for the purposes stated in the objected-to language. This language is not a true limitation on an appropriation bill as it provides for or authorizes positive action through permissive authorizing language.

Mr. GARY. Mr. Chairman, the language is clearly authorized and the point of order is not well taken because the appropriation is authorized under section 400(c), and it must be in accordance with that provision. The provision authorizes the use of foreign currency. We appropriate the dollars to buy the foreign currency that is now in the Treasury, but no American dollars can be used for the project. The provision provided for here is simply a bookkeeping provision which appropriates money, American dollars, to purchase the foreign currency in the Treasury, and I submit that that is a use of the foreign currency and therefore that it is in order.

The CHAIRMAN. Does the gentleman from Wisconsin desire to be heard on the point of order?

Mr. ZABLOCKI. I merely sought recognition to ask the gentleman from Iowa whether he would withhold his point of order. I have an amendment to this section which I am sure would satisfy the gentleman from Iowa.

Mr. GROSS. I will say to the gentleman I will make a point of order against his amendment if it is what I think it is.

Mr. ZABLOCKI. Will the gentleman permit my amendment to be presented?

Mr. GROSS. I would rather have a ruling on this.

The CHAIRMAN. Permit the chair to direct a question to the chairman of the subcommittee or to a member of the committee, particularly the chairman. Is this language contained in the point of order made by the gentleman from Iowa, "of which not to exceed \$1,500,000 may be used to purchase foreign currencies or credits owed to or owned by the Treasury of the United States" authorized and, if so, where?

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The Chair has addressed the question to the chairman or to a member of the committee.

Mr. PASSMAN. That is the usual language where we are withdrawing foreign currencies from the Treasury.

The CHAIRMAN. The Chair will be glad to hear the gentleman from New

York or any other member of the committee as to whether or not this particular language is authorized by law and, if so, where.

Mr. GARY. Mr. Chairman, may I read the provision of law authorizing it? It is section 400(c) of the Mutual Security Act of 1954 as amended. It provides:

The President is authorized to use not to exceed \$20 million of the funds appropriated pursuant to subsection (a) of this section for assistance on such terms and conditions as he may specify to schools and libraries abroad founded or sponsored by citizens of the United States and serving as study and demonstration centers for ideas and practices of the United States notwithstanding any other act authorizing assistance of this kind.

And further:

In addition to the authority contained in this subsection it is the sense of Congress that the President should make a special and a particular effort to utilize foreign currencies accruing under title I of the Agricultural Trade, Development and Assistance Act of 1954 as amended and notwithstanding the provisions of Public Law 213, 82d Congress, the President is authorized to utilize foreign currencies accruing to the United States under this or any other act for the purposes of this subsection and for hospitals abroad designed to serve as centers for medical treatment, education, and research, founded or sponsored by citizens of the United States.

The CHAIRMAN (Mr. MILLS). The Chair is of the opinion that the language of section 400(c) as read by the gentleman from Virginia [Mr. GARY] is sufficient to establish the point that this language is authorized by law; and therefore the Chair overrules the point of order made by the gentleman from Iowa [Mr. GROSS].

Mr. ZABLOCKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ZABLOCKI: On page 3, line 7, after "\$206,000,000," strike out beginning "of which not" and through the colon on line 12 and insert on page 3, after line 19, the following:

"Special assistance, special authorization: For assistance authorized by section 400(c) for hospital construction the equivalent of \$1,500,000 in local currencies to remain available until expended."

Mr. GROSS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. GROSS. Mr. Chairman, I make a point of order against the amendment and against the words "until expended" as not being authorized. I would call the Chair's attention to title 31, United States Code, 718, which provides as follows:

No specific or indefinite appropriation made subsequent to August 24, 1912, in any regular annual appropriation act shall be construed to be permanent or available continuously without reference to a fiscal year unless it belongs to one of the following four classes: "Rivers and harbors," "lighthouses," "public buildings," and "pay of the Navy and Marine Corps," last specifically named in and excepted from the operation of the provisions of section 713 of this title, or unless it is made in terms expressly providing that it shall continue available beyond the fiscal year for which the appropriation act in which it is contained makes provision.

Mr. Chairman, I point out that this is an annual appropriation bill and, therefore, this is language on an appropriation bill that is not authorized by law.

Mr. ZABLOCKI. I will not argue the point, Mr. Chairman. I concede the point of order.

The CHAIRMAN. The Chair sustains the points of order.

Mr. ZABLOCKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ZABLOCKI: On page 3, line 7, after "\$206,000,000," strike out "of which not" and through the colon in line 12, and on page 3, after line 19, insert the following:

"Special assistance, special authorization: For assistance authorized by Section 400(c) for hospital construction the equivalent of \$1,500,000 in local currencies."

Mr. ZABLOCKI. Mr. Chairman I want to thank the chairman of the Mutual Security Appropriations Subcommittee and express appreciation to the Appropriations Committee for the sympathetic interest and consideration shown to the American Research Hospital for Children project. From conversations with the chairman of the subcommittee and the ranking minority member I understand there is no objection to this amendment and that the amendment will be accepted by the committee.

Mr. PASSMAN. I have discussed the proposal with the members of the committee. As the amendment has been explained to me, I have no objection.

Mr. TABER. The result of that amendment would be to increase the amount of money available in line 7, of \$206 million by \$1,500,000. That is the only objection to the amendment; and why should we do that?

Mr. PASSMAN. It was my understanding the amendment would not increase the amount of money.

Mr. ZABLOCKI. It would not increase the dollar amount. Foreign currency is available to the credit of the Treasury of the United States. I made that very clear in discussing the amendment.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Minnesota.

Mr. JUDD. As the gentleman pointed out earlier, this will not increase the amount of dollars actually spent, it will merely free \$1,500,000 worth of some 79 million zlotys we have in Poland that are not being used for any purpose, and make them available for this very worthy use.

Mr. TABER. The gentleman is mistaken. This would simply add \$1,500,000 to the funds that would otherwise be available if the language goes through as it is written. The usual practice is to have the money paid over to the Treasury, foreign money, instead of appropriating these funds.

Mr. ZABLOCKI. I conferred with the chairman of the subcommittee and the ranking minority member of the committee. I thought we had a clear understanding of the intent and scope of the

amendment my distinguished colleagues agreed to accept the amendment.

Mr. PASSMAN. That is true, but the amendment of the gentleman from Iowa may possibly have changed the situation. If the amendment does not increase the \$206 million of special assistance, then I, myself, am willing to accept the amendment. If the gentleman is increasing the money in the bill then the committee would not be willing to accept the amendment.

Mr. ZABLOCKI. It does not increase the dollar expenditure of money in the bill.

Mr. PASSMAN. If the gentleman's amendment would accomplish what it proposes, would it have to increase the amount?

Mr. ZABLOCKI. My amendment would allow the appropriation of foreign currency, zlotys, to the equivalent of \$1,500,000. No additional dollars would be appropriated to the total dollar amount in the bill.

Mr. PASSMAN. The gentleman is correct. It is to be regretted that what appears to be a technicality must apply to what I consider a worthy project. I would regret to see it ruled out on a technicality.

Mr. ZABLOCKI. It was my understanding that the ranking member of the committee, the distinguished gentleman from New York also accepted the amendment.

Mr. TABER. I would not want it to be said I accepted the amendment, because I think the gentleman does not understand it. It does require making the \$206 million appropriation for this special assistance and then, in addition to the special assistance, there is an appropriation of \$1,500,000 out of foreign currencies in the Treasury, instead of going through the regular process.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Michigan.

Mr. FORD. I believe the interpretation by the gentleman from New York [Mr. TABER] is correct. However, despite that interpretation, I am in favor of the amendment. I think it is sound. I think we ought to approve it. There is no doubt in my opinion that you are making available \$206 million in U.S. cash through new obligation authority, and this amendment provides another \$1,500,000 in obligation authority to buy foreign currencies for the project. I think that is the way we should do it, otherwise, you are squeezing down even further the special assistance program.

Mr. ZABLOCKI. I thank the gentleman for his contribution.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. ZABLOCKI. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

Mr. MASON. I object.

Mr. YATES. Mr. Chairman, I move to strike out the last word.

Does the gentleman from Wisconsin ask that I yield?

Mr. ZABLOCKI. I would be delighted if the gentleman would yield to me.

Mr. YATES. I yield to my colleague.

Mr. ZABLOCKI. Mr. Chairman, I understand the appropriation of the additional \$1,500,000 for this purpose would release or transfer the equivalent of that amount of dollars in foreign currency which is credited to the Treasury of the United States. To that extent, it would make available foreign currency in addition to the total appropriation in this measure, but it would not increase the expenditure of dollars appropriated in this bill. Therefore, I urge the committee to approve this very worthy project.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Louisiana.

Mr. PASSMAN. I might say to the gentleman that the chairman of the subcommittee has no authority to accept any amendment without a vote. So, on account of the procedure and the situation, and the amendment of the gentleman from Iowa, I have to confess that I, personally, am somewhat placed in a box and no less than confused at this point. I can only say we thought that there would be no opposition to the proposal, but as there seems to be some opposition, I must, of course, respect the views of the committee and abide by the rules of the House. I have no right, as chairman of the subcommittee, to accept the amendment.

Mr. PUCINSKI. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Illinois.

Mr. PUCINSKI. Just so that we can get this matter back into perspective, as I understand the situation, there is no opposition to the amendment which has just been offered by our colleague, the gentleman from Wisconsin, and there is no opposition to it on the basis of any parliamentary situation because that has just been disposed of by the ruling of the Chair on the point of order. If I am not correct in that statement, Mr. Chairman, I wish to be corrected.

Now, Mr. Chairman, we are addressing ourselves to the merits of the pending amendment. As I understand the situation, this amendment merely unfreezes \$1,500,000 worth of counterpart funds which are now available in Poland. This money should be used for construction of this very worthy project. But, it does not alter the actual dollar contribution of the United States toward the purposes of this legislation. The money already is on deposit in Poland. That, Mr. Chairman, is my understanding of the amendment offered by the gentleman from Wisconsin, and I am happy to support it.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Minnesota.

Mr. JUDD. Mr. Chairman, I should like to say a word about the merits of this amendment. The amount in the authorization bill was \$256 million for special assistance for 22 of our loyal friends around the world to whom we do not give military assistance, but whose political stability and survival as free

countries is of great importance to the security of the world and of the United States of America. The committee has already reduced that by \$50 million to \$206 million. If this amendment offered by the gentleman from Wisconsin is not adopted, we will further reduce by \$1,500,000 the contributions for countries and areas like West Berlin, Tunisia, Morocco, Libya, Jordan, Israel, Afghanistan, Burma, and so on. The bill as it now is would take \$1,500,000 more away from our friends to make it available for zlotys behind the Iron Curtain. The zlotys are available there and can be used for this worthy purpose and without reducing funds for the other countries by adopting the amendment offered by the gentleman from Wisconsin. So, Mr. Chairman, I urge the committee to adopt the amendment.

Mr. YATES. I now yield to the gentleman from Wisconsin [Mr. ZABLOCKI].

Mr. ZABLOCKI. I thank my distinguished friend from Illinois. I asked him to yield to me in order that I may obtain a clarification from my distinguished colleague from Louisiana as to the intent of the committee in submitting the recommendation on page 9 of the report.

As the gentleman knows, the sponsors of the American Research Hospital for Children have spent in excess of \$65,000 in the preliminary and organizational phases of this project. An additional \$50,000 worth of foreign currency has been appropriated and expended on the preparation of detailed plans for the hospital. The sponsors are currently in the process of obtaining services and equipment, and of raising additional dollar funds from private sources.

It is my understanding that the committee intended the use of foreign currency to be contingent upon a reasonable and satisfactory assurance that the dollar requirements of the project would be raised from private sources.

Certainly the Committee on Appropriations did not intend to prohibit the release of any foreign currencies, thereby stopping further work on this project, until the sponsors raise all of the dollars—some \$2.2 million—necessary to equip and complete the hospital?

Is my understanding correct in this respect?

Mr. YATES. Mr. Chairman, I yield to the chairman of the committee to reply.

Mr. PASSMAN. As chairman of the subcommittee, I think I should say that it is not the purpose of the committee to deprive you of something, but rather to endeavor to assure that the others who are going to contribute start meeting the dollar requirements for this project.

Mr. ZABLOCKI. I thank the gentleman.

Mr. PASSMAN. And I want to assure the gentleman again that only parliamentary procedure prevents me at this time from going further, personally, than expressing sympathy for the gentleman's position.

Mr. ZABLOCKI. It is clear, therefore, that the work on the project need not stop until every dollar requirement

is met. The construction of the hospital can proceed on schedule, contingent on the availability of dollars to meet current and immediate future expenses.

As the gentleman from Louisiana knows, according to the estimated cost of the project, the amount of dollars needed in fiscal 1961 will be approximately \$150,000—while the foreign currency expenditures during that year will run close to a million dollars worth.

I understand, therefore, that the sponsors of the hospital will have to show that they have forthcoming, for example, \$100,000 or \$150,000 in order to secure a release of the foreign currency.

Mr. Chairman, to allay any apprehension that the American Research Hospital for Children in Poland will lack the necessary support to assure dollar financing and proper administration, I wish to place in the *Record* a progress report, dated June 1, 1960, which I received from Mr. Wladek Biernacki-Poray, chairman of the executive committee for the hospital.

Mr. Poray's letter refers to the fund-raising activities and the arrangements being made to assure proper administration of the hospital upon its completion.

Mr. Poray's report reads as follows:

THE AMERICAN RESEARCH HOSPITAL
FOR CHILDREN IN POLAND,
New York, N.Y., June 1, 1960.

Re fund-raising activities.
HON. CLEMENT J. ZABLOCKI,
House of Representatives,
Washington, D.C.

MY DEAR CONGRESSMAN ZABLOCKI: When the report on the proposed American Research Hospital for Children was submitted to the Department of State, our committee again approached certain foundations with a view to secure financial assistance for the project.

In a meeting with the executive vice president of one of the largest foundations we have presented the objectives of the proposed hospital; among them the gains that may be realized through the coordination of the hospital's research program with the major medical centers in the United States, which generally fits into the sphere of interest of the foundation. He expressed a vivid interest in the project and assured us that it would be seriously considered by the board of directors of the foundation.

Another large foundation has been also asked for their support, and have assured some members of the committee of the foundation's interest in the project. The impression that was received indicates that their interest would materialize into a concrete assistance, when the project would be assured of the primary assistance in the form of allocation of Polish currency from the U.S. Government. Availability of these funds for general construction would be regarded as a practical endorsement of the project by the U.S. Government, and it would remove any doubts that the project would not be started. The policy of many foundations, as we understand, is to help the "going" projects, and in our meeting with the executive director of still another foundation we again received a strong impression that chances for substantial assistance would be much greater when the Polish funds are allocated for the project. The Sloan-Kettering Institute has already taken an active interest in the project by their willingness to train (paying also all expenses, transportation, and providing substantial stipends) doctors, scientists, and nurses, who would form the staff of the research department of the proposed hospital. We have also an in-

dication that the institute would consider donation of the laboratory equipment and certain research facilities for the research department, as it is willing to assume a major role in the mutual research program on the subject of oncology.

It may be appropriate to mention that certain firms and manufacturers of building products and equipment indicated their willingness to donate certain products (e.g., *Sylvania Electric*, electrical equipment and fixtures; *Willet Glass Co.*, glass windows, etc.). Under the present conditions these donations could not be materially received, but when the storage facilities are erected on the building site, and the free transportation provided (as offered) by the Polish Government, we would be able to start an effective campaign for donation of funds and equipment. We are very encouraged with the interest displayed so far. Following a series of articles last year in the *New York Times*, and in the *This Week* magazine, we have received a considerable number of inquiries. We understand that a number of nationally known publications (the *New York Times*, *Time*, *Life*, the *Saturday Review*, and others) are very interested to give coverage to the project when the groundbreaking would take place. This would be a very effective media to start a fund and equipment raising campaign, as we would be in an excellent position to convince donors that their assistance is immediately and necessarily required.

We are seriously determined to assure the most expeditious and effective completion of the project. As a measure of our determination may serve an indication of our efforts to date; in the preliminary and organizational phases of the project, since February 1958 when it was first conceived until the present time unreimbursed expenses have exceeded the sum of \$65,000. These are the direct expenditures for preliminary planning, engineering, research, trips to Poland, Washington (over 60 trips made), conferences, promotional and organizational work. Apart from this, CARE has also been carrying a considerable amount of its own expenses. This financial effort produced desirable results, inasmuch as the project at this time is a subject of consideration by the U.S. Congress and ready to be started as soon as the primary funds in Polish currency are available.

If the decision of the U.S. Congress would result in the appropriation of the zlotys equivalent to approximately \$3,350,000 (\$3,338,967) as per reported estimate, the ground for the project can be broken this summer, possibly in mid-August. Only such an early start of construction would make it possible to fulfill one of the theses of the project—that is, donation of the hospital as a highlight of the 600th anniversary of the university in assurance that the project would in reality be started would be, in our opinion, a very strong incentive for the foundations, individual, and industrial donors and other to make concrete commitments of assistance.

It is entirely possible, of course, to construct the hospital with a negligible amount of dollars, in the same way as other hospitals are being constructed by the Polish Government, for local currencies. This would negate one of the main theses of the project; namely, that it should represent visually and technically the advanced status of the American design and mechanical functioning, the progress that our free system is capable to produce. These are, in our opinion, very desirable elements, but even without these the project would offer a new concept in its architectural layout, and would be a very desirable addition to the hospital facilities so desperately needed in Poland. It would make possible to originate the new campus for the medical academy of the university, thus serving as a tangible evidence of the American interest in the welfare of children

of Poland and the future of medical education. Such an action would not be forgotten by the people of Poland, doctors and the spirited students of Poland, who gave such a display of their admiration to the United States during the coup d'etat of October 1956.

Respectfully submitted.

W. D. BIERNACKI-PORAY,
Chairman, AIA.

Mr. Chairman, I am convinced that the hospital would, by symbolizing the interest of the American people in the welfare of the people of Poland, have a favorable effect in terms of U.S. foreign policy objectives. I sincerely hope, therefore, that every effort will be made to expedite the construction of the hospital which will be a lasting memorial and source of credit to the United States.

Mr. GROSS. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. Gross as a substitute for the amendment offered by Mr. ZABLOCKI: On page 3, line 7, strike out the language beginning: "of which not" and running through the colon in line 12.

Mr. GROSS. Mr. Chairman, I would like to ask someone on the committee to tell me why we should build a hospital of any description in Communist Poland. I am in favor of hospitals but this may have serious ramifications.

Mr. JUDD. If the gentleman will yield—

Mr. GROSS. I asked someone on the Appropriations Committee to explain.

Mr. TABER. I cannot tell the gentleman.

Mr. GROSS. I wonder if the chairman of the subcommittee can tell me. Can the gentleman from Louisiana tell me why we are starting to build a hospital in Poland?

Mr. PASSMAN. I am not going to endeavor at this time to place my judgment concerning this particular proposal against that of the President. The hospital would be built out of local currencies, and I think it might serve a useful purpose.

Mr. GROSS. What kind of precedent are you setting? What is going to be the demand upon the taxpayers of this country when other countries demand that we build hospitals for them?

Mr. PASSMAN. Local currency only is to be used.

Mr. GROSS. I know all about these local currencies, but this money was originally American dollars.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield further?

Mr. GROSS. I yield.

Mr. PASSMAN. I have endeavored to be fair, to pinpoint my cases, and to try to reduce the waste. I know the gentleman fully supports this effort, and I know, too, that he shall continue to do so.

Mr. GROSS. Certainly I will.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Virginia.

Mr. GARY. The amount of money in this bill is about one-fourth of what it is estimated that the hospital will cost. I think it is one-fourth, certainly not over half.

The project is being fostered by some private interests in this country. They are going to raise the necessary dollars to build this hospital. You cannot build a hospital entirely on local currency. They will raise the dollars. We have local currency running out of our ears.

Mr. GROSS. Let me ask the gentleman this question. We have some \$2.5 billion of country currencies floating around all over the world. Are we now going into every country in the world with a hospital building program?

Mr. GARY. We are already in with every other kind of program. I do not know a better program than a hospital program.

Mr. GROSS. If that is the case, I throw in the sponge and ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa.

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. ZABLOCKI].

The amendment was agreed to.

Mr. SIKES. Mr. Chairman, I move to strike out the last word.

Mr. SIKES. Mr. Chairman, I rise to ask the chairman of the subcommittee one or two questions, if I may have his attention. I shall be brief.

I know that the gentleman from Louisiana has always considered this program with great care and wisdom, and is literally saving the American taxpayer billion of dollars. I think the country owes a tremendous debt of gratitude to the gentleman and to his subcommittee.

May I ask the chairman of the subcommittee, Would not the gentleman agree that grant aid, whether under special assistance or the President's contingency fund, should be used sparingly—only in very special and exceptional situations?

Mr. PASSMAN. I am in complete accord with the gentleman's viewpoint.

Mr. SIKES. May I go one step further and may I ask the gentleman by way of clarifying legislative intent, notwithstanding this situation would it not be the understanding of the chairman of the subcommittee that Guatemala, a country which is solidifying the anti-Communist forces in the delicate Caribbean and Central American area, falls into this exceptional category and that any forthcoming special assistance or contingency fund assistance to that country could well be by grant, particularly in view of the current effort of the Arbenz Communist group, now associated with Castro in Cuba to regain a foothold by force in Guatemala?

Mr. PASSMAN. I want to say to the gentleman that I am certainly in accord with his position. I feel that Guatemala is in a singular position and is deserving of special consideration.

Mr. COLLIER. Mr. Chairman, I move to strike the requisite number of words to ask a question that just occurs to me.

In the first session of the 85th Congress, as a part of what was then known as the Middle East Doctrine, we authorized and later appropriated, as I recall,

some \$200 million and at the same time authorized the executive to expend that sum in the Middle East.

Can anyone tell me what remains unexpended of that sum?

Mr. PASSMAN. As of June 30, this fiscal year, there will remain in the reserve fund a total of \$61,247,000 unexpended.

Mr. COLLIER. If I may ask one further question, does that sum embrace more than the \$200 million original authorization approved by this Congress in 1957, or does this include other funds?

Mr. PASSMAN. It is my understanding that this is the residue of that particular account that is obligated but unliquidated.

Mr. COLLIER. I thank the gentleman.

The Clerk read as follows:

Intergovernmental Committee for European Migration: For contributions authorized by section 405(a), \$10,000,000: *Provided*, That no funds herein appropriated shall be used to assist directly in the migration to any nation in the Western Hemisphere of any person not having a security clearance based on reasonable standards to insure against Communist infiltration in the Western Hemisphere.

Mr. WALTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WALTERS On page 3, line 26, after the period insert "And provided further, That no funds herein appropriated shall be used to pay transportation costs of any doctor or immigrant inspector or for any space not required to be allotted by the applicable United States maritime laws and regulations."

Mr. GARY. Mr. Chairman, I reserve a point of order on the amendment.

Mr. WALTER. Mr. Chairman, the amendment under consideration is aimed at a very old royal proclamation or edict, whatever the law is called, that was adopted many years ago at a time when immigrants were not given the kind of protection they are on American ships. Under the laws of the United States it is necessary that each ship carrying immigrants have a hospital and medical facilities. But, despite the ample protection given to these people, under the old edict the Italian Government assigns to duty on every American ship a doctor and an immigrant inspector and requires that the American line provide space for an infirmary. Nobody knows of a case in recent years where the doctor's services were required. Certainly, no immigrant inspector performs any services on a vessel. This is a needless expense, and I am sure but for the political implication, the officials in the Italian Government would themselves remove this law.

Mr. Chairman, the amendment is very definitely a limitation on expenditures. It does not provide any legislation but limits the authority to use the money appropriated in this section of the appropriation bill.

The CHAIRMAN. Does the gentleman from Virginia withdraw his point of order?

Mr. GARY. I withdraw my point of order, Mr. Chairman.

The CHAIRMAN. Does the gentleman from Louisiana desire to be heard?

Mr. PASSMAN. Mr. Chairman, I ask for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. WALTER]. The amendment was agreed to.

LEGISLATIVE PROGRAM FOR THE BALANCE OF THIS WEEK AND NEXT WEEK

Mr. HALLECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have taken this time to ask the acting majority leader concerning the program for the balance of the week and for next week.

Mr. ALBERT. It is our hope to finish this bill this evening and to adjourn over until Monday.

For next week, Monday is Consent Calendar day. Then there are 20 suspensions, as follows:

First. H.R. 12313, increase pay professors, U.S. Military and U.S. Air Academy.

Second. H.R. 12570, armed services, transportation limitation on household effects.

Third. H.R. 12572, Armed Forces, procurement.

Fourth. S. 2969, medals and decorations, chaplains.

Fifth. H.R. 12346, Federal Reserve Act, sale of obligations.

Sixth. S. 1886, Communications Act, community antenna television system.

Seventh. S. 1965, regulatory agencies, removal and terms of office of members.

Eighth. H.R. 7593, air carriers, add planes.

Ninth. S. 1508, Alaska Railroad, economic regulation.

Tenth. S. 1509, Interstate Commerce Act, grandfather rights.

Eleventh. H.R. 6871, Public Health Training Service Act of 1959.

Twelfth. H.R. 5436, national register of revoked drivers licenses.

Thirteenth. House Joint Resolution 649, International Health Research Act of 1960.

Fourteenth. H.R. 3900, Puerto Rico, trade, hydrofoil vessels.

Fifteenth. S. 2669, Alaska, vessel inspection.

Sixteenth. S. 3189, coastwise trade in rebuilt vessels.

Seventeenth. H.R. 9600, surplus property, donation.

Eighteenth. H.R. 11499, surplus property, personal use by States.

Nineteenth. H.R. 12564, Vermont, develop Victory Reservoir.

Twentieth. H.R. 12547, Foreign Service Act amendments of 1960.

Mr. BASS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. BASS of Tennessee. Is it the intention of the leadership to bring up the library services bill next week?

Mr. ALBERT. No. I would like to advise that there is a primary in Maine on Monday and we are hoping that votes on Monday and Tuesday may be put over. We shall undertake to get that agreement later.

On Monday, in addition to the suspensions, there are two bills under rules; H.R. 11123, the Gorgas Memorial Labo-

ratory, an authorization of appropriation; and the continuation of H.R. 4815, the transit company sightseeing bill.

Mr. HALLECK. Would they follow conclusion of action on these suspensions?

Mr. ALBERT. The gentleman is correct.

Tuesday is Private Calendar day, and there are two bills, under rules, H.R. 12261, Farm Surplus Reduction Act of 1960; and H.R. 8860, lead and zinc, to stabilize mining.

On Wednesday, Thursday, Friday, and Saturday the following bills will be considered:

H.R. 12580, the social security amendments of 1960; S. 1898, license and rehearings, Communications Act. If that bill is not completed on Wednesday then S. 1898 will follow the supplemental appropriation bill.

Next is the supplemental appropriation bill for 1961.

Then H.R. 7624, the food additives control bill; H.R. 9996, importation of excess property; H.R. 12176, extension of the farm labor program, agriculture; and H.R. 2467, the Chantilly Airport—moving expenses for tenants and owners of land.

There is the general reservation, that any further program may be announced later and conference reports may be brought up at any time.

Mr. COLMER. Mr. Chairman, I did not hear the acting majority leader refer to H.R. 7201, a bill out of the Committee on Interstate and Foreign Commerce for which a rule was reported out about 3 weeks ago.

Mr. ALBERT. It is planned to program that bill for the week of June 27, I will advise the gentleman.

Mr. COLMER. That has been out a good while, but I suppose there is not much I can do about it except exercise a right that I prefer not to exercise.

Mr. ALBERT. The gentleman will observe that we have a very heavy week, including a number of major bills as well as a large number of suspensions. I do not intend to infer that the gentleman's bill is not a major bill, but we have an agricultural bill, an appropriation bill, and a social security bill, among others, programmed for the week.

Mr. COLMER. Of course, I do observe that it is a very busy week, but we have had some very quiet weeks.

Mr. ALBERT. I can assure the gentleman that I shall do my best to accommodate the gentleman and program the bill in which the gentleman is interested in due course—probably the week of June 27.

Mr. ANDERSEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman.

Mr. ANDERSEN of Minnesota. I asked the gentleman to yield for the purpose of asking the acting majority leader regarding the Poage farm bill. I understand a rule was granted on that bill this morning; is that correct?

Mr. ALBERT. The gentleman is correct. That bill is programmed as the first order of business following the Private Calendar on Tuesday next.

Mr. ANDERSEN of Minnesota. In other words, we will finally have our day in court?

Mr. ALBERT. The gentleman is correct.

Mr. ANDERSEN of Minnesota. Can the gentleman advise whether that is an open rule?

Mr. ALBERT. It is an open rule with 2 hours of general debate.

Mr. ANDERSEN of Minnesota. With every opportunity to offer amendments?

Mr. ALBERT. The rule is entirely open.

Mr. ANDERSEN of Minnesota. I thank the gentleman.

Mr. GATHINGS. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman.

Mr. GATHINGS. On what day is the bill H.R. 12176 set down?

Mr. ALBERT. It is set down as part of the group to be called Wednesday, Thursday, Friday, and Saturday, following the social security bill, the license and rehearing bill, the supplemental appropriation bill, and the food additives control bill.

Mr. GATHINGS. The rule was granted on that bill the week before last.

Mr. ALBERT. It is the plan of the leadership to reach this bill next week.

Mr. PASSMAN. Mr. Chairman, I move to strike out the requisite number of words.

For fear there may possibly be some misunderstanding with respect to the amount of military assistance funds, let me say now that we indicated earlier an amount of \$2,044 million in obligated unexpended funds and \$35 million in unobligated funds. The bill provides that these funds would carry over into the new fiscal year. I should like to direct the attention of the committee to the fact that the total of \$35 million in unobligated funds is now reserved, and therefore, there will be no unobligated funds in the military assistance category. But that fact does not decrease in any manner the amount of money available; it simply means that the unliquidated balances will move up another \$35 million. Inasmuch as I discussed this situation with the Comptroller today, I must bring it to your attention.

But, this does not alter the fact that, by using the transferability, there would be \$1,900 million available for the military aid program. If you do approve, on a record vote, the amendment to increase these funds, then, by using transferability, the total for expenditure would really be \$2,100 million. I do not believe you are going to approve the increase.

The Clerk read, as follows:

Program of the United Nations High Commissioner for Refugees: For contributions authorized by section 405(c), \$1,300,000.

Mr. BARR. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have been sitting here for 2 days waiting for some facts on this bill to come out, and I decided that I might as well ask the questions myself.

We are dealing here with an appropriation bill, but the impact of this bill, while it does have an effect on the budget of the United States, still that is only one side of the whole impact of this bill. Probably its major impact is on the balance of payments of this Nation. Our international balance of payments is in more trouble than our financial situation at home.

Would somebody like to answer this question for me: You have a \$3,400 million bill that we are discussing today. What is the effect of this on our international balance of payments? How much money do we have to earn in our trade balance to finance this bill? I am not talking about American dollars, I am talking about trade balances.

Mr. CONTE. The latest figures we have for our trade balance, January to April of this year, are exports, \$6,288 million, imports, \$5,036 million, making a surplus of \$1,251 million. For the same period last year we had a surplus of \$399 million. Therefore, it looks like we may end up with a \$3 billion trade surplus for 1960.

Mr. BARR. I am aware of that. We have consistently since 1950 run an excess in our trade balance. But, we spent or invested \$15 billion more than we have earned. We have spent it partly through these programs. The point I am making is this. We cannot continue this indefinitely. We have \$7 billion worth of free gold to handle \$19 billion in short term trade balances. When that figure drops much lower, you are going to have every speculator all over the world trading on the credit of the United States. There is an alternative I am asking if the gentleman would recommend—could we strike the 25-percent gold requirement behind the currency? Will the gentleman recommend that? You are getting very close to this place. You are going to have to do something. You are not going to go much further. Last year the deficit in our balance was about \$4 billion. This year it can be about \$2 billion. This is something we might as well wake up to in this Congress. Our national debt is a matter of concern, but our international balance of payments problem is right on top of us. We cannot go much further. I would be delighted if anybody has an answer to this. This is a matter of concern to me.

Mr. COFFIN. Mr. Chairman, will the gentleman yield?

Mr. BARR. I yield to the gentleman from Maine.

Mr. COFFIN. The gentleman is a good enough economist to know that this is not the only factor in the balance of payments. He also knows even if we abolish the entire foreign aid program, it would not solve the problem.

Mr. BARR. That is true. That is the reason I have asked these questions. Can the gentleman answer the question as to what he anticipates the impact of this \$3.5 billion bill to be on our international balance of payments—how much of it is going to be a drain on our balance of payments?

Mr. COFFIN. I do not think anyone can answer that. I would say that for this coming year, it would be in the order

of several hundred million dollars, but not as much as last year. We are in a better position this year than we were in last year. I think the ultimate answer lies in exports.

Mr. BARR. I agree.

Mr. COFFIN. I think we are beginning with our Export-Import Bank export credit program to stimulate exports and the Department of Commerce program will enable our businessmen to be interested and effective in exports activities. I am optimistic in the long run.

Mr. PASSMAN. Is it not true that we have just about already priced ourselves out of the world markets? Many of the recipient nations are now requesting that automobiles, jeeps and trucks and so on be bought from Japan or Great Britain because they cost from 20 percent to 30 percent less than they cost in this country?

Mr. BARR. I am not aware of that.

Mr. PASSMAN. That is true. I can assure the gentleman.

Mr. BARR. If that is true, then buying overseas is a direct drain on our balance of payments.

Mr. PASSMAN. The gentleman is absolutely correct and furthermore that is true.

Mr. BARR. I would say this very definitely, if you are going to give this money away, you had better give it away on things that we can buy in the United States. We had better be pretty careful because we are uncomfortably close to the limit.

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield?

Mr. BARR. I yield.

Mr. RHODES of Arizona. The gentleman has asked a very good question. I have taken my pencil and tried to come up with what I think is a fairly reasonable answer. On the military assistance program, approximately 90 percent is spent in the United States, so that only the equipment leaves this country. Therefore, it does not affect the balance of payments. Only \$180 million of it will affect the balance of payments.

In the special assistance category, practically all of it goes out in dollars—about \$206 million, and I would say that that would affect the balance of payment.

On the technical cooperation program, most of that goes out in dollars to the extent of \$150 million.

Three hundred and sixty million dollars is about 60 percent of the amount recommended for defense support which I believe is a fair estimate of the dollars which go out.

Mr. BARR. In other words, about \$1 billion.

Mr. RHODES of Arizona. My personal estimate is somewhere between \$900 million and \$1 billion.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PASSMAN. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read, and be open to points of order and amendments.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The CHAIRMAN. Are there any points of order to any part of the remainder of the bill?

Mr. GROSS. Mr. Chairman, I make a point of order against the language on page 5, lines 1 through 8, inclusive, on the grounds it is not in order on a general appropriation bill under clause 5 of rule XXI. This language provides for the reappropriation of funds previously made available and is not permitted under the rules of the House—paragraph 5 of rule XXI which reads, in pertinent part, as follows:

No general appropriation bill or amendment thereto shall be received or considered if it contains a provision reappropriating unexpended balances of appropriations.

It is true that the mutual security authorization law authorizes reappropriations of unexpended balances, but that authority was last contained in section 548 enacted in calendar year 1956. Subsequent to that time, and at the beginning of the 86th Congress, the House adopted rules from which I have just read. Inasmuch as this rulemaking action occurred subsequent to the latest action by law, and there has been no enactment by statute on the particular matter during the present Congress, the rules of the House govern in this situation. Furthermore, it is well settled in the precedents that the power of the House to make its own rules may not be impaired by a law passed by a prior Congress. Therefore, I ask that my point of order be sustained.

Mr. PASSMAN. Mr. Chairman, the gentleman from Iowa [Mr. Gross] was considerate enough to advise us in advance of his intention to make this point of order. He has stated the facts of the matter accurately. I have discussed this point of order with other Members and we have carefully reviewed the situation. Most regrettably I must concede that the point of order is well taken.

The CHAIRMAN. The Chair sustains the point of order.

Mr. GROSS. Mr. Chairman, I have another point of order.

The CHAIRMAN. The gentleman will state it.

Mr. GROSS. Mr. Chairman, I make a point of order against the language appearing on page 12, line 24, after the figures "\$6,250" and the comma, "and not to exceed \$9,000 for entertainment allowances for members of the Board of Directors when specifically authorized by the Chairman of the Board."

Mr. Chairman, I hold that this confers additional duties upon the Chairman of the Board, duties that might be distasteful to him under some circumstances. I ask that the point of order be sustained.

Mr. PASSMAN. Mr. Chairman, this is regular language in the appropriation bill, and it requires additional duties; but it is germane and not subject to a point of order.

The CHAIRMAN. The Chair wants to hear from the gentleman from Louisiana as to whether or not this particular language "when specifically authorized by the Chairman of the Board" is authorized by law, not whether it is germane.

Mr. PASSMAN. I do not have the original authorizing language at hand. In the interest of time we will concede the point of order.

The CHAIRMAN. The Chair sustains the point of order.

Are there further points of order to the remaining portions of the bill? If not the Chair will entertain amendments.

Mr. YATES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. YATES: Strike out lines 19, 20, and 21 on page 7, and renumber following sections.

Mr. PASSMAN. Mr. Chairman, I ask unanimous consent that all debate on the bill and all amendments thereto close in 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

Mr. GROSS. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from Illinois [Mr. YATES] is recognized in support of his amendment.

Mr. YATES. Mr. Chairman, it is inconceivable that this section should not be stricken. In a world in which we much too frequently find ourselves the butt of criticism and protest, the one bright spot is the achievement of the U.S. representatives in having paved the way at long last for abatement of hostilities between India and Pakistan. It is not too much to say that our prestige throughout Asia rides with the success of that settlement. And our prestige throughout Asia rides with this amendment because section 107 crushes that program.

Since 1947, when India was partitioned and the new state of Pakistan created, the controversy has raged between them as to a proper sharing of the waters of the rivers of the Indus Basin. The Indus Basin has been one of the principal food sources of the area. Both nations are rightfully concerned with the proper allocation of the waters. Forty million people are affected by this decision. This dispute is one of the main sources of friction between India and Pakistan, and they have been quarreling with each other, rather than standing united against a possible common aggressor. I say possible aggressor. The fact is that the Communist Chinese have already invaded and settled in the northern approaches to India.

The United States has been hailed throughout the free world for her role in bringing the two countries together in a prospective agreement for sharing the waters of the Indus.

It will be argued that this project is much too expensive and that our contribution is much too great. The fact remains that the financing of this project is being shared by six other nations. This is the first major cooperative effort between the great nations of the free world to initiate a program of joint contributions for helping solve economic difficulties of underdeveloped nations.

How many times have we heard upon this floor, and properly so, the argument that the United States has long carried too much of the burden of helping in

the development of new nations; that assistance should be cooperative? The Indus Basin proposal is such a joint effort. Significant contributions will be made by other nations and the success of the project will be a resounding victory for a peaceful and rational settlement of disputes between nations.

Helping complete the Indus project is the best possible expression of our concept of technical assistance. It will enable two great and friendly nations of Asia to concentrate their energies and resources on improving their economic and social development instead of expending their efforts in quarreling.

It will permit two great nations of Asia to reduce their concentration of military forces against each other and encourage their cooperation against the military threat from the outside.

It will permit the United States to project a true image of herself to the world as a peacemaker.

I urge adoption of this amendment.

Mr. PASSMAN. There is no section of the bill over which there has been greater misunderstanding. The intent was not to interfere with anything that had been previously authorized to be done. It is to be regretted that time has not permitted detailed explanation. It was not the purpose of the committee to cripple the project, but rather to hold up dollar funds not exceeding \$5 million for this year only, until we could get additional important information. There has, unfortunately, been much misinterpretation and misunderstanding of this situation.

Mr. YATES. Do I understand the chairman has accepted this amendment?

Mr. PASSMAN. The chairman of the subcommittee has no right to accept, personally, any amendment.

Mr. YATES. It was my understanding a few moments ago the gentleman said he had the intention of accepting my amendment.

Mr. PASSMAN. The gentleman from Louisiana is learning more about the rules of the House every hour of the day.

Mr. YATES. The gentleman is not learning more about the rules of the House. The gentleman is learning more about the chairman of the subcommittee.

Mr. PASSMAN. Will the gentleman yield further?

Mr. YATES. I want to proceed with my amendment.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Indiana.

Mr. HALLECK. In some remarks I made earlier in the day I indicated support of this amendment. I hope the amendment will be agreed to.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman.

Mr. PASSMAN. I was not speaking about the gentleman from Illinois understanding the rules. The gentleman from Louisiana was informed a little while ago that he had no authority under the rules, to accept any amendment. Therefore, I am trying to abide by the rules.

Mr. YATES. That rule applies to the gentleman individually; but when the gentleman has said members of the committee are willing to accept the amendment, it is my understanding he may do so.

Mr. PASSMAN. All of the members are not willing to accept the amendment, I may say to the gentleman.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Ohio.

Mr. HAYS. I would like to say, briefly, that I support the gentleman's amendment, because this Indus River project is the kind of a project which, in my opinion, will have some chance of doing the job we want to do in these areas; that is, meeting the Communist threat head on at the village level, down to the standard of living level, at the level where people are on a bare subsistence. It is the kind of project which they can understand and which will do them some good and certainly will do them a lot more good than sending arms in there to keep some dictator in power. I think the gentleman's amendment should be adopted.

Mr. YATES. I thank the gentleman for his comment. He is exactly right, because today in a world in which we find ourselves much too frequently the butt of criticism and the butt of protest, the one bright spot that we have in the world today is the achievement of U.S. representatives in paving the way at long last for the abatement of hostilities between the two great Asiatic nations, Pakistan and India. It is not too much to say that the prestige of the United States in Asia will rise with the success of that settlement, and it is not too much to say that the success and prestige of the United States will rise with adoption of this amendment.

Since 1947 when India was partitioned and the new state of Pakistan was created, a controversy has raged as to the proper sharing of the waters of the Indus River. That has been one of the principal sources of food for that section of the world. Forty million people are affected. This dispute is one of the main sources of friction between India and Pakistan. These two nations are tending to quarrel between themselves instead of standing united against a prospective Chinese Communist aggression on their borders. I said "prospective," but I think that word is wrong because actually Red China has already entered the approaches of India and has settled there.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. YATES. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

Mr. MASON. Mr. Chairman, I object.

Mr. GARY. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Illinois [Mr. YATES] and I do this for the purpose of giving the Congress the facts in connection with the amendment.

This is a billion-dollar project, or slightly over a billion dollars, and the United States is being asked to contribute \$515 million of the billion dollars.

When they came before our committee, they were unable to give us the necessary facts concerning the construction and other features of the plan. Now, if anyone would propose such a billion-dollar project for the United States without the necessary facts to support it, it would not be considered for 5 minutes. Our committee has not turned the project down. We are not opposed to the project, and we so state in the committee report as follows: In connection with the provision relating to the development of the Indus Basin, the committee believes that this project is of such magnitude and ultimate expansion that more study and consideration should be given thereto before any obligations are incurred by the mutual security program for this purpose.

All we are doing is asking for time and the facts. If the Congress wants to embark upon a billion dollar contract of which we shall furnish \$515 million of the funds without the necessary facts to guide us, it may do so by voting for the amendment. Personally I want the facts before proceeding further.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Illinois.

Mr. YATES. Is it not true that throughout these hearings there is testimony which fully justifies the Indus Basin project? Secondly, is it not true that the contribution and the loans of the United States are to be made over a period of 10 years? Is it not true, further, that contributions are to be made by six other nations of the free world, and that this is the first time that we have had a cooperative undertaking to develop the economy of an underdeveloped nation? Is it not true, further, that it is the wish of this Congress that our burden of helping the underdeveloped nations of the world be shared more and more by other nations? Why do we want to stop it by the language of this bill?

Mr. GARY. Those are the facts we want to go into. If six nations of the world are going to contribute to this project, why should the United States contribute over half of the funds?

Mr. YATES. Is the gentleman from Illinois correct in declaring that our representatives have tried for 9 years to get a settlement of this project. It has only been because of the recommendations of our officials that the disputing nations have approached any settlement at this time. Of course, it is done, and the language of this section will suspend all further negotiations.

Mr. GARY. Not at all.

Mr. YATES. Why of course it will, pending such time as this committee completes its study.

Mr. GARY. Why should we be asked to contribute funds for a project when an agreement has not been reached?

Mr. YATES. There has been tentative agreement reached. The record shows what the proposed schedule of cost sharing is between other countries and ours and the additional data that describes the progress made.

Mr. GARY. Has the agreement been signed?

Mr. YATES. No; the contract has not been signed because it cannot be signed without commitments as to funding. This section stops any hope of agreement.

Mr. GARY. Yet they ask us to commit ourselves to this billion-dollar project without the facts.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. PASSMAN. Mr. Chairman, I move to strike out the requisite number of words.

It was not the intent of the committee to stop this project, and this proviso does not stop it. This is a billion-dollar contract. Let me quote this colloquy from our hearings:

Mr. PASSMAN. And that is the present estimate?

Mr. BRAND. Yes.

Mr. PASSMAN. It could be far in excess of that amount; could it not?

Mr. BRAND. That is the present estimate, and I am not advised as to the latter point, but I do not take issue with the chairman's observation.

If that is not a vague response, then I have never heard or read vague language. This project might cost up to \$2 billion, and maybe even more.

We merely state in section 107 that—

None of the funds herein appropriated shall be used to carry out the provisions of section 404 of the Mutual Security Act of 1954, as amended.

It has nothing to do with previous allocations whatsoever, either of dollar funds or local currencies. I can assure the House that that is true.

In our hearings, we asked the question, "What amount will you require this year?" They did not state they would require anything at all, but that certainly they would not want in excess of \$5 million. So, we are dealing here entirely with this year's appropriation.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield.

Mr. GALLAGHER. I would like to point out that in view of the provision we adopted here today, unless the Indus Basin project is approved here today, they will be unable to enter into negotiations under the initiation plan which the gentleman introduced in this bill.

Mr. PASSMAN. No; that does not follow. I can assure the gentleman again that what has already been agreed to is in effect. Our commitments are quite substantial, already, as I understand it. This limitation does not stop the project.

There is some classified information here which I am not privileged to discuss on the floor at this time, but I again assure the gentleman that the limitation applies only to the funds for this year, and does not apply to prior funds or to proceeding with the project itself. If the gentleman will call the State Department, he will find out that I am giving him the correct information.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman.

Mr. HAYS. Do I understand the gentleman is opposed to the amendment of the gentleman from Illinois?

Mr. PASSMAN. My motion was to strike out the requisite number of words.

Mr. HAYS. I am trying to find out whether the gentleman is for the amendment or against the amendment. That is a simple question. Can the gentleman answer that yes or no?

Mr. PASSMAN. I may say that I am not going to vote against the amendment.

Mr. HAYS. That is good enough. Let me ask this further. Is it not true that a good deal of the money we are talking about is counterpart funds, Public Law 480 funds, and so on, which we have no chance of ever getting back anyway?

Mr. PASSMAN. There is a substantial amount of local currency involved. I cannot state at the moment from what particular fund it has been, or might be, derived.

Mr. HAYS. And we have to use it under the law. If we do not, it would just dribble away to nothing.

Mr. PASSMAN. Is not the gentleman referring to the Development Loan Fund local currency repayments, rather than Public Law 480 funds?

Mr. HAYS. I am talking about local currencies. I do not care whether the local currencies are generated under the Development Loan Fund or Public Law 480 or any of the other funds. I will include all of them. It is still local currency that we will never be able to change over into dollars.

Mr. PASSMAN. I am not quarreling with the gentleman. Whatever amount has already been obligated out of the various funds, whether dollars or local currencies, there is nothing we can do about it.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman.

Mr. YATES. Is it not essential that this provision be stricken in view of the fact that the gentleman has stated that we already have invested a certain amount of money in this project, so why should we hold up further development of it?

Mr. PASSMAN. Five million dollars, in dollar funds, is the only amount which might be involved in the present bill. I might say to the gentleman again that the information we received was very vague as to what the ultimate cost would be; and I think the Committee should possibly be commended for requesting more information, instead of giving a blank check, without possession of many of the pertinent facts which should be known by the Congress.

The CHAIRMAN (Mr. BASS of Tennessee). The time of the gentleman from Louisiana [Mr. PASSMAN] has expired.

Mr. CONTE. Mr. Chairman, I move to strike out the requisite number of words.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield for a unanimous consent request?

Mr. CONTE. I yield.

Mr. PASSMAN. Mr. Chairman, I ask unanimous consent that all debate on

the bill and all amendments thereto close at 6 o'clock.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

Mr. JUDD. Mr. Chairman, reserving the right to object, how many amendments are there?

The CHAIRMAN. The Chair is not in a position to answer that question.

Is there objection to the request of the gentleman from Louisiana?

Mr. GROSS and Mr. O'HARA of Illinois objected.

Mr. PASSMAN. Mr. Chairman, I move that all debate on the bill and all amendments thereto close at 6 o'clock.

The CHAIRMAN. The question is on the motion offered by the gentleman from Louisiana.

The motion was agreed to.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Michigan.

Mr. FORD. May I say to the gentleman from Massachusetts that I support the amendment offered by the gentleman from Illinois and I endorse the remarks that are to be made by the gentleman from Massachusetts.

Mr. CONTE. I thank the gentleman. May I say that I am pleased to have the support of the gentleman from Illinois. He knows that I have had a long interest in this matter, and that had I had an opportunity I would have offered an amendment.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Illinois.

Mr. YATES. What the gentleman is saying is exactly correct. Throughout the hundreds of pages of hearings taken on the various projects, and particularly on the Indus Basin project, the gentleman from Massachusetts has shown a firm interest in seeing that the agreement was carried out.

Mr. CONTE. I thank the gentleman from Illinois.

Mr. Chairman, section 107 of the bill prohibits the use of funds appropriated therein for the development of the Indus Basin.

This prohibition runs completely counter to section 404 of the Mutual Security Act, already approved by both Houses of Congress, which affirms the willingness of the United States to participate, in cooperation with other nations of the free world, in a highly significant program to develop the Indus Basin. This represents a singularly short-sighted action from the standpoint of the interests of the United States, both in terms of the lessening of tensions and divisive forces in this critical area and in terms of enlarging the role of other free nations in addressing the economic problems of the less-developed areas.

The controversy between Pakistan and India over the use of the Indus waters has been one of the major international conflicts of the past decade. Bitterness and violence have characterized the situation and the possibility of military conflict has been real and continuing. Through the good offices and protracted efforts of the International Bank for

Reconstruction and Development, 9 years of patient negotiation have resulted in virtual agreement on the terms of equitable settlement of the controversy. Final agreement depends upon firm assurances from friendly countries of essential financial assistance required to construct the system of works recommended by the Bank.

The Bank itself plans to contribute to the costs of the development project and five other nations—the United States, Australia, New Zealand, Canada, and Germany—in addition to Pakistan and India have signified their willingness and intention to join with the United States in the funding of this project. So important is the project to the nations directly affected that India will undertake to make very substantial foreign exchange payments to Pakistan under the proposed Indus Waters Treaty. The specific amount, of which congressional committees are already informed and which will be made available on request to any Member of the Congress, will be released publicly after signature of the Waters Treaty.

U.S. participation would involve over a 10-year period the provision of \$177 million of grant assistance and \$103 million of loan assistance plus the provision of local currency arising from sales of agricultural surpluses from United States is essential to the successful conclusion of this great international effort.

It is also essential that the United States be able to make its commitment in the immediate future as an absolute precondition for the commitments of the other participants and the World Bank, and in order to make it possible for India and Pakistan to sign the necessary treaty as soon as possible.

The committee report states that the project is of such magnitude and ultimate expense that more study and consideration should be given before any obligations are incurred for this purpose under the MSP. Yet the current proposal represents the culmination of 10 years of negotiation. Geological conditions, foundation conditions, and the amount and character of construction materials have been determined for significant portions of the project, and technical and economic feasibility have been firmly established; plans and specifications have been completed and reviewed, and are ready for tender to international bidding. Preliminary reports have been prepared on other aspects of the project, and contracts have been let for preparation of plans and specifications. American engineering firms have already been engaged by the World Bank in both preliminary and advanced stages of the engineering, and an American firm will supervise major elements of the actual construction. Still another American firm serves as engineering consultant to West Pakistan's Water and Power Development Authority, and will coordinate all elements of the project.

Engineering plans are advanced to the point where the basic construction can get under way as soon as treaty agreement is reached. Actual conclusion of the treaty is expected to coincide with

receipt of assurances that the outside financial aid required to carry out the project will be forthcoming. Other contributing nations have indicated their willingness to provide such assurances—all on a grant basis. It is imperative that the United States be in a position to move forward along the lines already approved by the Congress.

The provision of funds for this purpose would not only serve to contribute in a major way to the economic development of the vast subcontinent of Asia but would also contribute materially to the improvement of relations between India and Pakistan. Only the U.S.S.R. and Communist China could benefit from failure of India and Pakistan to settle their disputes. In the absence of a settlement, no one can predict the outcome with certainty, but the possibility of bitter and prolonged dispute and eventual military conflict cannot be excluded. If we do not seize this opportunity to resolve this longstanding source of irritation, it may be years before the opportunity will again arise. We are in a position to make a major contribution to world peace, to strengthen the Western orientation of nearly 500 million people and to secure the participation of other industrialized nations in the financing of the costs. To cast aside this opportunity would be an act of complete irresponsibility and contrary to the political and security interests of the United States.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from New York.

Mr. LINDSAY. Is it not a fact that this would in effect torpedo 10 years of careful work in negotiations on this subject?

Mr. CONTE. Definitely. I have mentioned that. It is a very excellent point.

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut [Mr. BOWLES].

Mr. BOWLES. Mr. Chairman, I strongly oppose section 107 of the mutual security appropriations bill. This section would deny the use of mutual security funds for the Indus Valley project.

I have been in close touch with the development of the Indus Valley project for the last 9 years. I have visited the area on several occasions—most recently in 1957.

In my opinion, it is the single most important example in the world today of a bold, well-planned, internationally coordinated program of economic development.

Once completed it will not only bring a better life to tens of millions of Indians and Pakistanis; it will demonstrate the capacity of the non-Communist nations—both rich and poor—to work in partnership for common ends.

No river valley project in history has been the subject of such long, thoughtful, and meticulous study by the world's most highly trained experts. Indeed the earliest studies were made some 70 years ago. In 1951 the proposal was given a new lift by David Lilienthal of our own TVA in an article in *Colliers* magazine.

In 1952 while I was U.S. Ambassador to India, it became a subject for consideration by the World Bank.

If the great Indus Valley plan which resulted from these studies collapses at this stage, the impact will be profoundly destructive not only to Pakistan and India, but also among our allies who have watched the growth and development of this project as an unprecedented effort at multinational planning which the Communist nations have not and cannot match.

The Indus Valley situation is highly complex, however, and it represents a new concept in overseas economic development. I can therefore understand the confusion which appears to have arisen in regard to it.

The Indus Basin, with its complex of six great rivers, is one of the most productive agricultural areas in the world. Nearly half of the water flowing through this basin is diverted to an irrigation system which helps provide food for some 50 million people.

In the years before and during World War II the British had developed plans for major dams and canals which would provide a vast expansion of this irrigation system.

When India and Pakistan became free in 1947, the arbitrary border which separates these two countries cut straight across the area which was to be covered by the new program. Although the population division in this area was roughly equal, Pakistan received the bulk of the existing irrigation.

The tension and conflicts which resulted from the breakup of British India inevitably increased the obstacles to this long-planned development.

India, however, decided to move ahead with that section of the irrigation program which lay within her own borders. She was able to do so because most of the technicians and engineers familiar with this program had accepted Indian citizenship.

The result has been the great Bhakra-Nangal power and irrigation project in the Indian Punjab which I visited in 1951, 1952, 1953, 1955, and 1957. This project which is larger than any similar combination effort in the United States, China, or the Soviet Union, will provide irrigation for some 10 million acres of land.

This is an area nearly twice the size of New Jersey. It means two and even three bountiful crops each year.

The system includes some 6,000 miles of canals, varying from manmade rivers 300 or 400 feet wide and 16 feet high, to tributary canals 6 or 8 feet wide. This entire canal system has been completed and is fully lined with concrete.

The Bhakra Dam itself is the highest dam in the world, rising some 800 feet from the riverbed. It will not only control the flow of irrigation waters but will also provide electricity to light most of the city of New Delhi some 250 miles away and a vast network of villages.

Now here is a point which few Americans appreciate. This project was not the result of what some members of this body refer to as "American handouts."

Not one dollar or pound sterling of foreign aid has entered into the construction of this project. The entire capital

investment of nearly \$1 billion represents foreign trade earnings of the Indian Government. Most of the earth-moving machinery and electrical equipment for the powerplants was purchased in America.

The chief consulting engineer is Harvey Slocum, designer of our own Grand Coulee Dam and one of the most distinguished engineers of our era.

His salary of \$100,000 annually is paid by the Indian Government from its own funds. When I last visited there in 1957 there were also some 15 American engineering assistants all paid by India.

Most of the work however is carried on by highly qualified Indian engineers, many of them trained in American universities.

When the Bhakra-Nangal Dam project is finished on the Indian side of the border, it will produce more than \$300 million worth of agricultural products and hydroelectric power each year. This power will make possible a sizable increase in manufactured goods produced in the industrial complex which is expected to develop rapidly.

The Bhakra-Nangal is an extraordinary achievement. However, unless the entire Indus Valley project now is allowed to proceed, it will create a highly delicate situation in this area.

According to the comprehensive original plan put together in the days of British rule, the Bhakra-Nangal Dam was part of a whole series of projects designed to provide additional water not only in this area but also to much of Pakistan as well. The Pakistani, however, have been unable to complete their part of the program because of lack of capital resources and various internal difficulties.

As a result, we now face the danger of a serious upset in the economic balance of the entire area.

According to the original plans, Bhakra-Nangal was expected to divert for use in India some of the water currently flowing into what is now Pakistan. This was to be compensated for by new canals which would substitute other water from the three western rivers that form part of the Indus Valley Basin.

For 9 years, under the patient, brilliant leadership of Eugene Black and his World Bank associates, the Governments of India and Pakistan have been slowly moving toward a common plan for the use of the water in the entire Indus Valley.

As it became clear that agreement could be reached, the World Bank went to work to provide joint financing not only from the United States but also from several other nations as well.

The result has been an Indus Basin Development Fund agreement involving the United Kingdom, Canada, West Germany, Australia, New Zealand, and the United States.

Administered through the World Bank, and in conjunction with substantial investment from both India and Pakistan, this Fund will enable the program to be successfully completed.

Mr. Chairman, I have visited many great irrigation projects in many parts of the world. However, this is by far the

most exciting example I have ever seen of man's capacity to master his environment in order to provide a better life for people. The Communists have produced nothing to rival it in their own countries or anywhere else.

It provides heartwarming, reassuring evidence of the capacity of free peoples to work in partnership and to think and act in bold terms.

The specific arguments for our support of the project at this critical stage are overwhelming. Let me list them briefly:

First, The Indus Valley project has been as thoroughly studied as it is possible to imagine. Technical studies on the project began over 75 years ago under British rule.

These studies have been intensified by 8 years of investigations by the extremely capable engineers of the World Bank. The proposal for further study should mislead no one.

Second, The project is of crucial importance to the agricultural development of Pakistan. It is also of exceptional importance to India, opening countless acres in the Punjab to cultivation as part of India's effort to overcome its nutritive food deficit.

Third, The withdrawal of the United States from participation would lead to the abrupt, tragic collapse of the entire project. This is not a project which can be attacked in small bits and pieces, as the long and arduous difficulties with the technical impediments have clearly demonstrated. Our participation is essential to the project's structure.

Fourth, The settlement of the Indus River dispute is a major key to easing the unhappy antagonism between India and Pakistan. Support for, and participation in, the Indus Valley project is the most important single step which the United States can take to ease this conflict.

Fifth, International participation in the financing of the Indus Valley project has been achieved to an exceptional degree. Both the administration and the Congress have been seeking precisely this sort of wide international sharing of the burden of international economic development.

At this stage, the failure of our Government to understand the enormous promise of this project and the complexity of the agreements which made it possible would further undermine worldwide confidence in our leadership, already dangerously shaken by recent events.

Mr. Chairman, in view of these facts, I urge section 107 be struck from the bill.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. ZABLOCKI].

Mr. ZABLOCKI. Mr. Chairman, I hope this amendment will prevail. India and Pakistan have been negotiating for years in order to bring about the realization of this project. It would be a tragic mistake if we, by our action here today, would disrupt their efforts.

I have followed the developments in India and Pakistan over the last decade with great care. It happens that these two countries are within the area over which the Subcommittee on the Far East and the Pacific, of which I am chairman,

has jurisdiction. Hence, I think I have some basis for making an assessment of the importance of the Indus Basin project.

It must be recognized that the division of the Indian subcontinent in 1947 was in itself a real tragedy for the economic development of that area. Be that as it may, it is an accomplished fact that these two nations exist. Much of the animosity between the two nations is based upon differences in culture. Another very real difference that separates them, however, has been the dispute over the use of the Indus River and the waters of its tributaries. These rivers and the canals which connect them had been developed by the British to form an integrated network for irrigation. With the separation of the continent into two countries that integrated system of waterworks collapsed. The result has been that neither nation has been able fully to utilize this tremendous natural asset.

The project which the World Bank has developed is the work of 10 years of laborious political as well as economic negotiations. What we are asked to do in the language of this bill is to reject the careful survey prepared by competent and disinterested experts. It should be remembered that the United States is financing only a portion of the cost of this project. The World Bank itself is putting in a sizable sum as are other countries in the free world.

This is an expression of unity of purpose not only by India and Pakistan, who are the immediate beneficiaries of the project, but also of other capital exporting nations.

I do not accept the argument advanced by the gentleman from Louisiana that the Appropriations Committee language does not stop the project. I think it does. In order that there may be no doubt of the intent of the committee, however, I urge the adoption of the amendment offered by the gentleman from Illinois.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. Judd].

Mr. JUDD. Mr. Chairman, a great deal has been said during the debate about other countries allegedly not helping as much as they ought to in development programs around the world. Those who have said that certainly ought to support this amendment. It is a project to which Germany, Canada, Australia, New Zealand, and Great Britain as well as India, Pakistan, and the World Bank contribute, all pulling their full share under a general agreement to build this enormously important development project.

The nubbin of the situation is this: Four of the five main rivers in the Indus Basin rise in India or flow through India into Pakistan. How is the water to be divided or diverted in order to be of greatest use in producing food for both? If India were to cut off the water, Pakistan would starve to death, and the Pakistani have feared that. There has been years of conflict and suspicion. Now under the leadership of the World Bank a plan has been agreed to under which

this can be developed to the satisfaction of all.

This is a project of incalculable value to that great subcontinent which has a greater population than that other peninsula known as Europe projecting off the Eurasian Continent. It would be tragic in its effects upon the free world if we did not go ahead wholeheartedly with this agreement now that a solution is in sight after 8 years of effort. I urge adoption of the amendment.

The CHAIRMAN. The Chair recognizes the gentlewoman from Illinois [Mrs. CHURCH].

Mrs. CHURCH. Mr. Chairman, I would like to give the chairman of our Subcommittee on the Far East and Pacific, the gentleman from Wisconsin [Mr. ZABLOCKI] the opportunity to state whether more is not involved in this amendment than even multilateral aid. This marks the first rapprochement between Pakistan and India. Would not the psychological effect of the failure of this amendment be tremendous, not only in the area involved but among all the nations who have agreed to undertake this project?

Mr. ZABLOCKI. The gentlewoman is absolutely correct.

The gentlewoman has asked an incisive question which carries with it an implication in which I share; namely, that the inclusion of the Appropriations Committee language in the law would have a tremendous adverse effect on all the countries of that area, particularly India and Pakistan.

I commend my distinguished colleague for asking this important question.

Mrs. CHURCH. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, I rise in wholehearted support of this amendment to insure we, the people of the United States, join with the people of India and Pakistan in developing the vast Indus River Valley with the help of other nations. India and Pakistan together comprise the largest areas of free people in the world. It is to be hoped India and Pakistan can work together as a unit. We must support and encourage these two friendly peoples in this undertaking for the development of the Indus River and the progress of Asia, and Asian peoples.

I hope the limitation can be taken off the President's contingency fund because it will help our good friends the people of Israel to the extent of \$7,500,000 in continuing in 1961, the full program for Israel's development.

The use of the contingency fund should be left to the discretion of the President, upon the recommendations of the Department of State and the International Cooperation Administration. The people and the Government of Israel are wonderful democratic friends of America in the Mideast and they are making real progress against difficult odds. We must continue to encourage the people of Israel in their fine progress, and must stand behind them for their security, the security of the

United States, as well as of the free world.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. CURTIS].

Mr. CURTIS of Massachusetts. Mr. Chairman, I would like to ask a question of my distinguished colleague, the former Ambassador to India, the gentleman from Connecticut [Mr. BOWLES]. Is it not true that the passage of this legislation will be helpful in bringing together these two great countries which have had difficulties in the past?

I have even heard that they are holding up their ratification of their treaty relating to the Indus Basin until our own country takes action on this subject. Are there not strong political implications in the present situation?

Mr. BOWLES. The division of India into two nations was in itself tragic. This dam is a most important and very essential project, for it is a step that will pull these two countries together.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. PASSMAN].

Mr. PASSMAN. Mr. Chairman, I want again to make it clear that the budget did not request \$1 for this program. Later, it was stated that up to \$5 million might possibly be needed. The proviso in the bill does not upset the present project, and it does not prohibit the use of the previously generated local currencies. We put this provision in the bill in order to get these people to come back later and tell us, with some reasonable degree of justification, whether or not the project is stopping at a billion dollars or whether it will eventually cost, say, \$2 billion or even more.

The CHAIRMAN. Does any other Member desire to be heard on this amendment?

The question is on the amendment offered by the gentleman from Illinois [Mr. YATES].

The amendment was agreed to.

Mr. CONTE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CONTE: On page 5, line 11, strike out the colon and strike out lines 12 through 14, inclusive, and insert in lieu thereof a period.

Mr. CONTE. Mr. Chairman, in the brief time allotted to me, may I say that the Appropriations Subcommittee put a limitation on the \$150-million contingency fund which is the fund controlled by the President for use in emergencies throughout the world. Under the limitation put on by the Appropriations Subcommittee it would prohibit the use of any money in the contingency fund for any project or for any activity for which an estimate had been submitted to the Congress. In other words, Mr. Chairman, if any estimate for mutual security assistance, defense loans or development loans has been made and if an emergency should arise, if we had a war break out in Laos or had a war break out in Korea, the President could not use any of this money in the contingency fund because an estimate has already been presented to the Congress.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. RHODES of Arizona. Mr. Chairman, I rise in support of the pending amendment.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. RHODES of Arizona. I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Chairman, the contingency fund of the President is only 5 percent of the entire mutual security budget. What you are telling the President is this: Do not come up to the Appropriations Committee and tell us what you are going to do with this money because if you do we are not going to allow you to take any of that money out of that appropriation for any estimates that you told us about. In other words, this is completely contrary to the philosophy of the Appropriations Committee which is against back-door spending.

This is a very serious amendment, and I hope, Mr. Chairman, that the Congress will see fit to eliminate this limitation. It will not add 1 cent to the budget; it simply strikes out the limitation.

Mr. ALFORD. Mr. Chairman, I move to strike out the requisite number of words.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. ALFORD. I yield to the gentleman from Louisiana.

Mr. PASSMAN. I was in hopes that the gentleman from New York [Mr. TABER] who, I believe, proposed the language of this amendment and supported it in committee, would explain it now, and why it is necessary.

Mr. TABER. I do not think I offered it, but the situation is this: It is a very silly thing not to adopt it, that is, not stick by the language that is in the bill because that language simply prevents people from getting money out of the contingency fund where the committee has been presented with an estimate and it has been refused. It lets the cats and dogs get in for another try.

Mr. PASSMAN. The administration has been using the contingency fund to nullify the action of Congress in reducing the authorization requests and also in reducing the budget estimates. That is why the committee adopted this proviso.

Mr. TABER. That is exactly right.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. CONTE].

The question was taken; and on a division (demanded by Mr. CONTE) there were—ayes 50, noes 82.

So the amendment was rejected.

Mr. SANTANGELO. Mr. Chairman, I offer an amendment.

The clerk read as follows:

Amendment offered by Mr. SANTANGELO: On page 9, after line 11, add new section as follows:

"Sec. 114. None of the funds contained in title I of this Act may be used to enter into any contract with any person, organization, company, or concern or any of its affiliates who has offered or who offers to provide compensation to an employee of the International Cooperation Administration or who

provides compensation to any former employee of the International Cooperation Administration whose annual salary exceeds \$5,000 and who has left employment with the International Cooperation Administration within two years of the date of employment with said person, organization, company, or concern, or any of its affiliates."

Mr. GARY. Mr. Chairman, I make the point of order against the amendment on the ground that it is legislation on an appropriation bill.

The CHAIRMAN. The Chair will be glad to hear the gentleman from New York.

Mr. SANTANGELO. Mr. Chairman, this amendment was offered to a bill last year. Similar language was objected to in a different type of bill, and the Chair, at the time the gentleman from New York [Mr. KEOGH], overruled the point of order. This is a limitation upon expenditures. This in no wise is an authorization to do anything except a limitation on funds. I say it does not violate the parliamentary rules.

The CHAIRMAN. Does the gentleman from Virginia desire to be heard further on the point of order?

Mr. GARY. It requires additional duties and certainly is legislation on an appropriation bill, and I insist on the point of order.

The CHAIRMAN (Mr. MILLS). The Chair has had an opportunity to examine the language of the amendment offered by the gentleman from New York [Mr. SANTANGELO] and has had an opportunity also to review what transpired in connection with a similar matter when it was offered as an amendment to an appropriation bill last year. This amendment seems to be similar to the amendment offered last year except for the \$5,000 limitation in this amendment. Last year the present occupant of the Chair, when such an amendment was offered, pointed out that the amendment was in order at that time and overruled the point of order made then.

So, the Chair overrules the point of order made by the gentleman from Virginia.

Mr. SANTANGELO. Mr. Chairman, this amendment is designed to eliminate the feather-your-nest practices which have grown up in the ICA under our mutual security program and seeks to eliminate some of the waste, excesses, and corruption. The chairman of the subcommittee, Mr. PASSMAN, detailed a number of instances of underestimates and waste in our program to help the underdeveloped nations of the world.

I am firmly convinced we still believe that it is our duty to bridge the economic gap between the haves and have-nots and that, as world leaders, we have an obligation to assist those nations to develop their resources and to raise the standard of living of their peoples. In the administration of our mutual security program, we have been prodigal, inefficient, and wasteful. Too often excessive costs have been caused by lack of planning and bad administration. Frequently, excessive costs have been caused by corruption and dishonesty. In the Committee on Government Operations, Report No. 7, House Report

No. 546, we read of instances of corruption by ICA officials, who after their service of employment with the ICA obtained employment with contractors doing work under the supervision of the ICA.

In the administration in Laos, the committee report indicates several glaring examples. Edwin McNamara, a public works and industry officer of ICA, accepted bribes totaling \$13,000 from a construction company known as the Universal Construction Co. through its officers, Willis Bird and Gerald Peabody.

William Kirby, area transportation adviser, aided by one of the ICA directors, Carter dePaul, who circumvented ICA regulations, was instrumental in securing the award of a contract for the supply of ferry barges to the Hong Kong Transportation Co. Shortly thereafter, Mr. Kirby was employed by its affiliate, Pacific Island Shipbuilding Co. While the contract was being negotiated, this gentleman was the recipient of \$500 from the Hong Kong Transportation Co.

Lacey V. Murrow, U.S. Army, retired, head of an engineering firm of Transportation Consultants, Inc., was under retainer to Vinnell Co. at the same time he was employed by ICA in Laos as an engineering consultant for the purpose of assisting in the selection of construction projects. During this period Vinnell Co. was seeking to obtain contracts with ICA in Laos.

Norman McKay, an employee of Transportation Consultants, Inc., acting as consultant to the USOM was instrumental in securing the award to Universal Construction Co. of a contract to construct a ferry ramp in Laos. Shortly thereafter, he went to work for Universal as project manager.

Carter dePaul, former USOM director, sold his 1947 Cadillac upon his departure from Laos to Gerald Peabody, the head of the Universal Construction Co., at an inflated price. The car whose value was approximately \$600 was sold for over \$3,000 and was in an inoperable condition. The story of this USOM director, Carter dePaul, is an ugly one and it shows brazenness by an ICA director and a callous disregard or unconcern by law enforcement officials.

In Thailand, other examples of feather-your-nest practices showed up. These were disclosed by the Committee on Government Operations in its 29th report.

The CHAIRMAN. The time of the gentleman from New York has expired.

The Chair recognizes the gentleman from Illinois [Mr. COLLIER].

Mr. COLLIER. Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from New York [Mr. SANTANGELO].

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SANTANGELO. Mr. Chairman, I thank the gentleman.

Mr. Chairman, I would like to give the Committee a few instances of what I have been talking about.

Thomas Hill, the Public Works Chief of USOM, Thailand, and one of his subordinate engineers, Herluf Larsen, were desirous of future employment by a construction company, Sverdrup & Parcel. Mr. Hill had overall responsibility for all construction projects in Thailand and was responsible for holding Sverdrup & Parcel to a proper performance of the contract. Larsen was charged with specific responsibility of supervising the Northeast Highway. Hill was hired by Sverdrup & Parcel on July 1, 1957. Larsen applied for a job with Sverdrup & Parcel in January of 1957, and continued to supervise the performance of that firm until October of 1957. Larsen was finally offered a job but because of reasons of health, refused it. Larsen had been invited to submit his application for employment by the firm's president, General Sverdrup, while they both were attending a meeting held in ICA, Washington, the purpose of which was to consider the selection of an engineer for the Bangkok-Saraburi Highway. Sverdrup & Parcel was interested in obtaining the contract. Hill and Larsen both recommended that the contract for the Bangkok-Saraburi road be awarded to Sverdrup & Parcel without the formality of seeking competitive proposals from other firms. This amendment places the burden on the person who profits through the employment of ICA personnel.

I support the mutual security program and desire that it be effective. This mutual security bill appropriates for fiscal year 1961 \$3,384,500,000, which reduces the budget's estimate by \$790,500,000. I believe there are adequate funds to do an effective job. This appropriation eliminates the fat and the waste and maintains inherent strength of our efforts to help the nations of the world. I trust my amendment will pass and thus eliminate a weakness in the administration of our mutual security program.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. SANTANGELO].

The amendment was agreed to.

Mr. MONAGAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MONAGAN: On page 6, immediately below line 12, insert the following:

"Sec. 101. None of the funds herein appropriated shall be used to carry out any provision of chapter II, III, or IV of the Mutual Security Act of 1954, as amended, during any period when more than twenty days have elapsed between the request for, and the furnishing of, any document, paper, communication, audit, review, finding, recommendation, report, or other material relating to the administration of such provision by the International Cooperation Administration, to the General Accounting Office or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for or expenditures of the International Cooperation Administration and the Department of State."

Mr. FORD. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state it.

Mr. FORD. It is obvious to me, listening to the amendment which has been read, that it puts additional duties on individuals in the executive branch and therefore is subject to a point of order.

The CHAIRMAN. Does the gentleman from Connecticut desire to be heard on the point of order?

Mr. MONAGAN. Mr. Chairman, this same amendment was offered last year. A point of order was raised against it at that time and the point of order was overruled. This is not legislation. It is merely a limitation on the appropriation.

The CHAIRMAN (Mr. MILLS). The Chair is ready to rule. The Chair has had an opportunity to examine the language of the amendment offered by the gentleman from Connecticut and finds that the language offered by the gentleman is similar, if not identical, with the language which was offered to the appropriation bill last year by the gentleman from Virginia [Mr. HARDY] on July 28, 1959.

Mr. MONAGAN. It is identical.

The CHAIRMAN. The amendment is set forth in the CONGRESSIONAL RECORD, volume 105, part 11, page 14530. The Chair on that occasion held that the language was a limitation and in order on the appropriation bill and overruled the point of order.

The Chair is constrained to overrule the point of order now.

The gentleman from Connecticut is recognized.

Mr. MONAGAN. Mr. Chairman, the purpose of this amendment is to withhold the availability of funds to the ICA as long as, after a period of 20 days have elapsed, the ICA refuses to give information to a committee of Congress or a proper subcommittee, or the General Accounting Office. In the Hardy subcommittee investigating the operations of the foreign aid program, we have run many times into the roadblock set up by the executive branch whereby pertinent information has been refused the committee with the result that we were not able to do the job that we were set up to do.

May I say that this language is in the authorization bill this year and it was also in the appropriation bill last year.

If you want the committees of Congress charged with supervising the operations of the foreign aid program to do the job that they are set up to do, they should not be manacled by the executive obstructionism that I have indicated.

I hope that the committees will support this amendment.

Mr. HARDY. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. HARDY as a substitute to the amendment offered by Mr. MONAGAN: On page 6, immediately below line 12, insert the following:

"Sec. 101. None of the funds herein appropriated shall be used to carry out any provision of chapter II, III, or IV of the Mutual Security Act of 1954, as amended, with respect to any project or activity, or in any country, during any period when more than thirty-five days have elapsed between the written request (delivered to the office of the head of the appropriate department or agency) for, and the furnishing of, any

document, paper, communication, audit, review, finding, recommendation, report, or other material in possession or control of such department or agency relating to the expenditure of funds with respect to such project or activity or in such country, to the General Accounting Office or any committee of the Congress, or any duly authorize subcommittee thereof, charged with considering legislation or appropriations for or expenditures of such department or agency."

Mr. HARDY. Mr. Chairman, the amendment offered by the gentleman from Connecticut is aimed at the very serious problem experienced by congressional committees in seeking to secure the information necessary for them to perform their functions in the mutual security field. I am offering a substitute amendment which I hope the gentleman will accept. I have no objection to his language, which is the same as we put into the bill last year, but I have tried in my substitute to anticipate some of the objections which the Senate raised last year. These objections, as the gentleman recalls, resulted in the insertion by the Senate of language which, as subsequently worked out in conference, differed materially from the House language. We have now had some experience with that language and it has proved to be ineffective for accomplishing the purpose intended.

My purpose is the same as that of my good friend from Connecticut—to secure for the Congress that full, complete and accurate information necessary for an evaluation of the economy and efficiency of expenditures under chapters II, III, and IV of the Mutual Security Act.

Last year the Senate preferred a period of 35 days as against the 20 in the bill as it passed the House and as proposed in the amendment of the gentleman from Connecticut. My amendment would increase the period to 35 days, which conforms to the language in last year's act.

I have worked over this problem seeking to find language to fit the needs of Congress, and yet to avoid any basis for a reasonable contention that the Congress seeks to trespass upon the Executive preserve. I think the substitute which I propose does this. It is not as broad as the language of the amendment which the gentleman has just offered. It is not directed at the total area of administration, but only to information concerning expenditures. If there is one field in which the primacy of the Congress is clearly recognized, it is this field of expenditures. My amendment calls only for information relating to expenditures, as distinguished from policy documents such as memorandums of discussions between heads of states, or confidential memorandums of advice prepared for the President.

At present we have serious difficulties in getting full, complete, and accurate information from the executive branch, and getting it in timely fashion. I believe that this amendment will help us to repair this situation.

I further believe that the substitute language which I have offered will be acceptable to the Senate, since it is limited this year to information on expenditures.

Surely no one could seriously contend that the executive branch has the privilege of denying to the Congress information necessary to determine whether appropriated funds have been, or are being, spent with economy and efficiency, or that the device of "Presidential certification" could be used to conceal pertinent data relating to the expenditure of such funds.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Virginia.

Mr. GARY. May I say to the gentleman that I am heartily in accord with this amendment and hope it will be adopted.

Mr. HARDY. I am deeply grateful to the gentleman.

Mr. PASSMAN. If the gentleman will yield, I think this is an excellent amendment and I am going to support it also.

Mr. HARDY. I thank the gentleman. May I ask the gentleman from Connecticut if it is agreeable with him?

Mr. MONAGAN. It is agreeable to me and I am happy to accept the substitute. I believe that the language suggested by the gentleman from Virginia will eliminate the objections which were raised last year in the Senate and will at the same time safeguard the right of Congress to full information with respect to expenditures of appropriated funds by the executive branch.

Mr. HARDY. I thank the gentleman for accepting my substitute language, and I wish to express my sincere appreciation for the gentleman's outstanding work as a member of my subcommittee.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Virginia [Mr. HARDY] to the amendment offered by the gentleman from Connecticut [Mr. MONAGAN].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut [Mr. MONAGAN] as amended.

The amendment was agreed to.

Mr. YATES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. YATES: Strike out line 25 on page 7 and lines 1, 2, and 3 on page 8.

Mr. YATES. Mr. Chairman, the special program for tropical Africa is an educational program. It is a program to help train personnel to carry on the affairs of government in the new nations of Africa. Their greatest shortage now is in trained personnel, in technicians, in educators, in skilled specialists—in short, of people who know how to conduct the affairs of government. This program proposes to alleviate that shortage of personnel.

And what does the section in the bill do? It proposes to use funds by training personnel, but requires that they be trained in the open air. It will not permit them to construct a building, a quonset hut, or even a thatched leanto. Like the oldtime song, it could require

that the program be carried out "Under the bamboo tree."

This is a ridiculous provision. I hope the Committee will approve the amendment to strike out the section.

Mr. DIGGS. Mr. Chairman, section 109 of the bill prohibits the use of funds appropriated therein for the construction of any building, structure, or other similar facility in connection with the special program for tropical Africa. I hope that the amendment by the gentleman from Illinois prevails, for I fervently believe that the limitation would seriously impair the usefulness of the special program for tropical Africa as an instrument of U.S. policy. It makes it possible on the one hand for the United States to provide educational training, but denies on the other hand the possibility of helping to provide the facilities necessary for such training.

The special program for tropical Africa has as its central purposes the acceleration of African education and training to help meet the pressing and critical need for African leaders and technicians and to encourage regional cooperation.

The problem of education in Africa is a critical one from every point of view. The average literacy rate is only 10 percent compared to 35 percent for the Near East and 65 percent for the Far East. The bulk of its population is not acquainted with modern economic life, its tools and techniques. There is a staggering deficit of trained administrators capable of assuming leadership in the newly independent countries.

In order to accomplish its purpose, the special program must therefore be prepared to initiate projects at various levels of African education. It must, however, be highly selective and concentrate in those areas and on those projects which can have a multiplier effect and which could serve as key training centers for both the country concerned and neighboring areas. A basic principle of its operation, therefore, will be to build on existing African educational institutions. New facilities, such as classrooms and other structures to meet training needs will be undertaken only in support of such projects and will not be used to fill any general gap in a country's educational needs. Thus, any construction cannot be considered as the end purpose of a project but rather as one of several elements including the provision of American teaching staff and the training of an African faculty—all aimed at expanding the opportunity for education for the African people.

African resources to meet its educational needs are severely limited and will require supplements from the United States and other free world sources if the new African nations are to cope with the rapidly growing demand for education and are to fill the serious gaps in their administrative and technical leadership. From the U.S. viewpoint, assistance in the field of education, particularly as it affects future African leadership, is of utmost importance. To demonstrate U.S. interest in a positive manner requires a flexibility in meeting

needs as the African leaders see them. This flexibility will be critically limited if the United States is unable to provide for construction costs as part of an effort to develop an important educational institution or training facility. It would indeed be unfortunate if this limitation made it easier for the Sino-Soviet Bloc to gain a preeminent position of influence in such a key field as education. As an example of their efforts, they are constructing and staffing a technical institute in Guinea.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Illinois. This amendment, if adopted, would not add a penny to the cost of this bill or to the cost of this section. As has been stated, the new independent countries of Africa have a great need for trained leaders and for a trained civil service. This amendment would give greater freedom in the training of these people. I think the amendment should be adopted.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Louisiana.

Mr. PASSMAN. The proponents of this provision in the authorization bill told us that they did not expect any housing to be provided in the estimate. At their request, the committee considered the program and provided the money, but prohibited the use of any funds for any type of housing.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, as chairman of the African Subcommittee of the Committee on Foreign Affairs I intended to ask unanimous consent to proceed for 10 minutes that adequately to the best of my ability I could meet my responsibility. But the time limitation, to which I objected but in the wisdom of the Committee on motion prevailed, has made that impossible.

I need not remind my colleagues that belatedly there has come a recognition of the importance to us of deep and abiding ties of understanding and of friendship with the peoples of tropical Africa. One has only to read the daily and periodical press to measure the tremendous interest suddenly awakened in a continent that in 1959 was relatively of so little interest to us that a group of members of the Foreign Affairs Committee, circling the world, and the President of the United States, visiting many lands in the promotion of good will, visited very briefly only one country in Africa and that, convenient for the visitors, far to the north of Africa and much nearer Europe than the countries of tropical Africa.

It began to look, even as recently as the year 1959, that we were so bedazzled by the mystic lure of the Far East, fascinated with the dream that the destiny of the United States was far, far away in the Orient, that the Continent of Africa was of no concern to us and to the free world. Indeed even today a large part

of Africa still is carried in the organization of the State Department as Europe, just as the Dominion of Canada is treated organizationally as part of Europe, not of the American hemisphere. It is difficult to explain to newly emerging nations this hangover of colonialism in the organizational charts of our State Department based not upon the facts of geography but upon the history of a past era.

I appreciate that there are organizational problems, but I venture the suggestion, which I think is one of common sense, that we will be better understood by the peoples of the world when the State Department puts all of Africa back in Africa and all of America back on the American hemisphere.

I appreciate, also, that our alliance with European colonial powers in very large measure was responsible for the misunderstanding of us by the peoples of Africa who were intent on running their own affairs under the governments of their own determination. The blunt fact is that in Africa we have missed the boat. We now have an opportunity by swimming fast enough to catch up.

When the issue was one of colonialism or national sovereignty we were in a position of embarrassment stemming from our European alliances. That situation has changed. New nations are coming into being in Africa so rapidly that recently Secretary of State Herter told our committee that in the foreseeable future Africa might have as many as 40 seats in the General Assembly of the United Nations. The European colonial powers are giving independence to their former colonies so far ahead of schedule as to knock into a cocked hat the calculations of even a year ago.

In this new phase of the African situation the United States has an opportunity of service that it would be folly to avoid. I can assure my colleagues that the subcommittee on Africa has kept constantly and sympathetically in touch with what is transpiring in Africa. It has been a hard working subcommittee. Mrs. BOLTON is the ranking minority member. Next to my beloved colleague from Illinois, Mr. CHIPERFIELD, she is the top ranking minority member of the full committee. She is dedicated to the cause of Africa. Serving with her on the minority side is the distinguished gentleman from Indiana [Mr. ADAIR], and he has made a large contribution to the work of our subcommittee.

On the majority side is the gentleman from Missouri [Mr. CARNAHAN] who next to our great chairman, Dr. MORGAN, is the ranking majority member of the full committee, the gentleman from Michigan [Mr. DIGGS], who by his visits to Africa and his constant consultations is probably in closer touch with the aspirations of the peoples of Africa than any other Member of this body, and my friend and colleague from Chicago, whose district adjoins the district that I have the honor to represent, the gentleman from Illinois [Mr. MURPHY]. Congressman MURPHY's knowledge of Africa, its peoples and their history, amazes me. He is a most valuable mem-

ber of our subcommittee and a prodigious worker.

That our colleagues may have some measure of the diligence of the Subcommittee on Africa may I say that there has been scarcely a country in Africa that has not been represented at our hearings. On Monday next we will meet here in Washington with the speaker of the Nigerian House of Assembly. Some weeks ago Dr. Banda, shortly after his release from detention in Nyasaland, met with us here in Washington. Not long ago we benefited by getting a first-hand recital from an outstanding delegation, including two women, from the Mali Federation. Some months ago when the President of Guinea was in Chicago he gave 2 hours to a conference with our subcommittee, which was represented by Congressman MURPHY and myself, the other members of the subcommittee, because of the time and distance factors, being unable to attend.

I mention this merely that my colleagues may know that the members of our subcommittee have accepted very seriously their responsibility and have advantaged from every opportunity to get at first hand a better understanding of Africa, the problems of its present and its aspirations for the future.

I would say that the immediate problem of the newly emerging nations of Africa is for trained civil servants. It is not that the Africans do not have the ability, and on that point I might remark that the scholastic record of students in African colleges and universities compares most favorably with that of those in European and American colleges and universities. But naturally, having been denied the opportunity of much participation in government, they lack experience.

It is a situation comparable to that of our own country when we were massing great armed forces to engage in a titanic world conflict. We needed officers, and we did not have the time to send young men to West Point and Annapolis for 4 years of officer training. The need was immediate, and we met the challenge both in World War I and World War II by officers' training schools from which in 90 days of intensive training we built up an officer corps that met every demand of the greatest war in history.

What we did to meet that challenge of war, when the world of freedom was at stake, is a pattern of what can be done in Africa today when the fate of that continent and to a large extent the fate of the free world depends upon the efficiency with which the civil officials of newly emerging nations can function both on high and low levels.

My concept of the way in which the \$20 million of the tropical Africa program should be used is along the lines I have suggested. It is a relatively small program measured by dollars. In fiscal 1961 it is estimated that European powers, including the Soviet, will be pouring into tropical Africa from \$500 million to a billion dollars. We cannot compete on that scale.

What we are attempting to do with \$20 million is to give the new African nations something that they need imme-

diately, something that will help them to keep on their feet and to have even in the humblest of public offices persons who have been reasonably well trained in the performance of the tasks given them. This I think can be done with the \$20 million appropriated for this program provided there is wise administration and the objective always kept in mind of meeting the immediate need.

If section 109 remains in H.R. 12619 it will be impossible to proceed with the 90-day training schools for civil servants because obviously some relatively small amounts of money would be necessary for temporary construction. I wish to make it clear that I do not think, in view of the modest amount of the appropriation of \$20 million for all tropical Africa, that any large sums should be used in school and college construction but there are places where some construction wisely should be made, and on a necessarily limited scale, because of the largeness of the field to be covered. I can cite one instance, I think it is in Nigeria where there is a very good university, capable of carrying a much larger student body, but handicapped by lack of living quarters for students. If it was proposed, as well it might, to build inexpensive barracks in which students coming from all parts of tropical Africa could live, and no one I think would call that an extravagance, the project could not be entertained because of the prohibition in section 109.

I do not believe the gentleman from Louisiana and his subcommittee realized how far section 109 would go in destroying completely the tropical Africa program. We could not build even the humblest hut to house a teacher or a student. Section 109, I repeat, would completely kill the program and I know it is not the intention of the subcommittee to do that. I trust the amendment of my colleague from Illinois [Mr. YATES], a ranking member of the Appropriations Committee, will be adopted unanimously.

Now is our golden opportunity to win the hearts and the minds of the peoples of Africa by helping them the more efficiently to carry the responsibilities attendant on sovereignty. If we lose Africa, and the binding friendship which properly nurtured will permanently endure between our own country, a child of an early colonialism, and the new nations of Africa, children of colonialism of a later period, we will lose the world.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. BALDWIN].

Mr. BALDWIN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, the nations of Africa it seems are among the key nations in the world today. I think this program is most essential and, certainly, a training program of this type should be provided, and they should be able to construct whatever may be necessary to carry out the training.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. BALDWIN. I yield to the gentleman from Illinois.

Mr. YATES. The U.S. News & World Report says in an article on Africa:

This whole vast area of southern Africa, from the Congo to the lower tip of South Africa, is the heartland of the continent's wealth and development. Native blacks preparing to take over almost everywhere except in South Africa are up against tremendous odds. They are short of skilled manpower, trained civil servants, and the capital needed to develop fully the huge potential of lower Africa.

Mr. Chairman, this section, as it stands now, would kill the program. We must cooperate with these nations to help them help themselves.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. YATES].

The amendment was agreed to.

Mr. COLMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLMER: On page 6, after line 23, insert the following new section:

"Sec. 103. None of the funds appropriated in this Act shall be available for expenditure in connection with any contract for construction, maintenance, or repair to be carried out in a shipyard located outside the United States."

And renumber the remaining sections of the bill accordingly.

Mr. COLMER. Mr. Chairman, with the parliamentary situation what it is, of course no opportunity is available to present the necessary explanation of and the purpose for the amendment. Briefly, the amendment would prevent what I regard as a continuation of an intolerable situation so far as the shipbuilders is concerned as affected by this program. Under the present law, the administrators of this program allocate these funds to foreign countries; they then can and do authorize the building of ships by one foreign nation to another; sometimes the money is furnished one nation to build ships for itself in its own country. While this comes as no revelation, I wonder how many of our colleagues know that it is practically impossible for American shipbuilders to successfully bid for the construction of these ships. In fact, to all intents and purposes it is impossible. This, for the simple reason that the foreign yards, with their cheap labor and cheaply produced materials can underbid the American yards by as much as one-half and never less than one fourth. Mr. Chairman, this was brought forcefully to my attention recently when the ICA issued invitations for bids for the construction of a hydraulic dredge for Vietnam. Several American yards bid on this ship. It so happened that the Ingalls Shipbuilding Corp. of Pascagoula, Miss., was the lowest qualified bidder among the domestic bidders. However, two Japanese firms submitted much lower bids. The Ingalls bid was \$1,394,950 but the Uruga Dock Co., Ltd., Tokyo, Japan, was \$916,200.

We have repeatedly had the matter up with ICA officials, but have gotten no encouragement whatever. And it would now appear that this contract will be awarded to this Japanese company.

This presents a pretty difficult picture. It comes at a time when every reputable shipyard in this country is hungry for contracts. They are all engaged in submitting the lowest possible bids in order to have enough work going to keep their yards intact; often bidding below the actual cost of construction. It also comes at a time when the President of the United States and the United States itself are insulted by having the President's invitation to visit that country withdrawn.

But, Mr. Chairman, that is not all. I am sure the facts are that this very foreign yard was either constructed or materially subsidized by the American taxpayers in its construction. Finally, Mr. Chairman, I wonder how the stockholders, the workmen who are being laid off of their jobs for want of contracts, all of whom are taxed to pay for this project, must feel.

Of course, this situation does not apply to the shipbuilding industry alone. It is going on every day in many other industries. And, of course, everyone knows that American industry cannot compete with foreign industry because of the cost of labor and materials.

This amendment should be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. Ford].

Mr. FORD. Mr. Chairman, I do not like to disagree with the fine gentleman from Mississippi, but in this case it is not practical to send ships from Europe or the Mediterranean back to the United States for repair and rehabilitation. This does not make sense and, therefore, I must oppose the amendment offered by the gentleman from Mississippi.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. Colmer].

The question was taken; and on a division (demanded by Mr. Colmer) there were—ayes 52, noes 97.

So the amendment was rejected.

Mr. COFFIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COFFIN: On page 4, strike out all on line 22 through line 25.

Mr. COFFIN. Mr. Chairman, I think this amendment should appeal to all of the Members in this Chamber. It takes off the shackles which have been put on the Inspector General, an office which we created last year to help police the foreign-aid program. Admittedly no substitute for the General Accounting Office, it is, nevertheless, an indispensable agency within the executive branch of the Government to keep a day-in, day-out running check on bribery, corruption, and inefficiency.

This involves no new money in the program. What the committee has done is to say to this watchdog: "You cannot use more than \$1 million." We should allow them to use \$5 million if they thought it was necessary to clean up inefficiency.

Mr. MORGAN. Mr. Chairman, I wish to be recognized on the amendment.

The CHAIRMAN. The gentleman from Pennsylvania is recognized.

Mr. COFFIN. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Maine.

Mr. COFFIN. I know the gentleman, the distinguished chairman of the Foreign Affairs Committee, has been most interested in this provision. This affects the Inspector General who has a great deal to do and is doing a good job.

Mr. MORGAN. Mr. Chairman, the bill—page 4, beginning on line 22—sets a ceiling of \$1 million on the funds made available to finance the operations of the Inspector General and Comptroller. I feel very strongly that this sum is not enough, and I am sure that the overwhelming majority of the Members of the Committee on Foreign Affairs share my view.

The issue here is not a conflict between the Congress and the Executive as to the amount of money which should be made available. The disagreement is entirely within the Congress. The Executive opposed the establishment of the Inspector General and Comptroller and his staff, and I assume the Executive would prefer to see the entire operation abandoned or its scope of operation curtailed.

The Inspector General and Comptroller, together with the staff necessary to carry out his operations, was established as a result of action initiated by the Foreign Affairs Committee. I personally submitted the amendment creating this organization to the committee, and I feel very strongly that the Inspector General and Comptroller should be given an opportunity to get his program into full operation.

I believe that it is vital to the security of the United States that there be a mutual security program and that the Congress owes it to the American taxpayer to do everything possible to assure that the funds provided to finance the mutual security program not be wasted. This was the basis for setting up the Office of Inspector General and Comptroller.

I borrowed the idea from the armed services. The Army, the Navy, and the Air Force each has an Inspector General. These Inspectors General operate within the organization but report directly to the top commander. What we were trying to do was to create within the executive branch a staff skilled enough and large enough to keep track of what actually is going on in the operation of the mutual security program, to call deficiencies to the attention of Under Secretary Dillon who is the man with overall responsibility for the entire operation, and to see that corrective action is taken before scandals develop to the point where they make headlines or before large sums of money have been wasted.

Our idea was not to duplicate what is being done by the General Accounting Office or by investigating committees of the Congress. The General Accounting Office does review mutual security operations and their findings have been most valuable. Our own committee and other committees have conducted investigations and are continuing to conduct investigations. All of these are important and should continue. The object, however, is not to have people on the

outside conduct a post-audit after the damage has been done. It is to have people who are in close and continuous touch with everyday operations who can act to correct and prevent deficiencies and waste before it is too late.

The Foreign Affairs Committee has been very much impressed by the fact that whenever our Members go overseas they encounter a substantial number of Americans in every country who are aware of certain shortcomings of our mutual security operations and who are anxious to have them taken care of. I do not believe that there is generally a conspiracy of silence on the part of personnel engaged in carrying out the mutual security program to hide waste or to cover up mistakes. I realize, however, that it frequently is difficult to get reports of waste and inefficiency transmitted from the working level to the top officials of an organization. It is only human that people whose jobs depend on a particular operation are not inclined to send in reports which might result in that particular operation being closed down. It is also true that people who are responsible for decisions are inclined to be slow in admitting mistakes.

One of the main purposes of the Inspector General and his staff is to provide a means by which information about deficiencies in the operation of the program can be transmitted from the operating level in the field where they become apparent to the top echelon of the organization where remedial action can be taken.

The Appropriations Subcommittee apparently does not agree with the Foreign Affairs Committee approach to this problem. In the printed hearings of the subcommittee there are a number of statements of members, saying that the idea is no good and that it will never work. They apparently believe that the Inspector General idea works out all right in the armed services but that there is something peculiar to the mutual security program which prevents its working here.

By limiting the funds available to the Inspector General to \$1 million, the Appropriations Subcommittee is making sure that they will win the argument because there can be no doubt that if that is all the money available to the Inspector General and Comptroller, he cannot do the job he is supposed to do.

The Inspector General in making up his own budget wanted \$1,762,000.

One indication of how much money is necessary to carry on this sort of an operation can be derived from figures submitted by the General Accounting Office for its own overseas operations. The General Accounting Office maintains two overseas offices—one in Paris and one in Tokyo. These offices are staffed with officers who travel all over Europe and the Far East respectively. The work is limited entirely to investigating U.S. military expenditures in those areas. These include military assistance expenditures under the mutual security program and the expenditures of our own Armed Forces stationed abroad. Investigations of other overseas operations of the United States, in-

cluding the economic side of the mutual security program, are handled by General Accounting personnel sent directly from Washington.

To operate these two oversea offices, it costs the General Accounting Office \$1,434,500 a year for salaries, travel and actual oversea office expenses. This includes nothing for Washington administration or support in connection with the oversea operation.

If it takes \$1,400,000 for the General Accounting Office to operate only two oversea offices, limited to military operations in only two areas of the world, it seems clear to me that we cannot expect the Inspector General and Comptroller to keep his eye on the mutual security operations all over the world, including all programs, for an outlay of only \$1 million per year.

I personally am disappointed in the progress made by the Inspector General in getting his operation under way, and in my opinion he is not giving the proper emphasis to certain aspects of his operation. I believe that the program which he has in mind and has submitted in some detail to the Appropriations Subcommittee should be revised. For that reason, I favor that a limitation of \$1,500,000 be placed on his operation, which is \$200,000 less than he has asked for.

A limitation of this kind would make it necessary for him to revise his program, and I believe that such a revision would improve it. A figure of \$1,500,000, however, should be enough for him to carry on his work, while a \$1 million figure would absolutely prevent his rendering the service which is necessary to improve the efficiency of the mutual security program.

The CHAIRMAN. Does anyone else desire to be heard on this amendment?

Mr. GALLAGHER. I desire to be heard, Mr. Chairman.

The CHAIRMAN. The gentleman from New Jersey is recognized.

Mr. COFFIN. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield.

Mr. COFFIN. I will merely state that this amendment seeks to take a limitation off this agency which the committee set up to go into the foreign aid program. It must be remembered that the Inspector General must get approval from the Budget Bureau for his appropriations. In short, we are in the position of the pilot just about ready to take off at the end of the runway who decides to reverse his propellers. I urge that this amendment be adopted.

Mr. PASSMAN. Mr. Chairman, I desire to be heard on the amendment.

The CHAIRMAN. The gentleman is recognized.

Mr. PASSMAN. Mr. Chairman, the section of the bill to which this amendment applies provides for a limitation on the amount of funds the Inspector General may spend. The Inspector General now has no limitation; he may spend as much as he wishes to do, subject only to his own judgment.

I hope the amendment will be defeated.

Mr. FORD. Mr. Chairman, I offer a substitute for the amendment now pending.

The Clerk read as follows:

Amendment offered by Mr. FORD as a substitute for the amendment offered by Mr. COFFIN: On page 4, line 23, strike out "\$1,000,000" and insert "\$1,250,000."

The CHAIRMAN. The question is on the substitute offered by the gentleman from Michigan [Mr. FORD].

The substitute was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine [Mr. COFFIN].

The question was taken; and on a division (demanded by Mr. COFFIN) there were—ayes 71, noes 126.

So the amendment was rejected.

Mr. GROSS. Mr. Chairman, I offer an amendment. I have four or five of them.

The CHAIRMAN. Does the gentleman ask unanimous consent that the five amendments he offers be considered en bloc?

Mr. GROSS. That is all right with me.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. GROSS: Page 4, line 17, strike out the figure "\$38,000,000" and insert in lieu thereof "\$35,000,000."

Mr. GROSS. Mr. Chairman, the hearings on this mutual security program over the years are replete with examples of inept and wasteful administration. I believe it would be highly beneficial to the program as a whole and to the taxpayers of the Nation to reduce the funds for administration purposes and to indicate the need to fire a few of the starry-eyed dreamers that abound in the administration handling this program.

The Clerk read as follows:

Amendments offered by Mr. GROSS: Page 4, line 25, after the word "amended", insert "none of which shall be used for representation or entertainment."

Mr. GROSS. Mr. Chairman, I wonder if the gentlemen who have been working hard to increase spending under this foreign giveaway program can tell me the amount to be appropriated in this bill for liquor and entertainment?

Mr. Chairman, the hearings on appropriation bills before the House can always be read with profit. For instance, it was enlightening to read recently that the downtrodden taxpayers of this country are underwriting the costs of studies dealing with the "aging of ovaries in cockroaches," "the circulatory physiology of the octopus," a "pictorial test of the intrapersonal and interpersonal relationship of a husband and wife."

Now we learn in these hearings, through a Mr. Crockett, that a cocktail party held in a foreign country is "representation," while the same kind of a fandango staged in this country comes under the heading of "entertainment."

Mr. CROCKETT. Mr. Chairman, "representation" is always used in the connotation of entertainment overseas, while "entertainment" is used in the connotation of domestic

entertainment. We do not use "representation" domestically.

Mr. PASSMAN, Chairman of the Appropriations Subcommittee, when he was finally enlightened as to the difference, observed that the fast travelers in the State Department and the ICA probably have as much fun no matter which of the above headings may be used to pick the pockets of the taxpayers.

Now it appears that the ICA requested \$198,000 for "representation" and \$6,000 for entertainment, while the State Department, although it apparently got \$835,000 in another bill, requested another \$72,500. It is contended that money is needed for funeral and ceremonial wreaths so Mr. PASSMAN asked for a separation of the scotch and bourbon and from the expenditures for wreaths here is how it looks:

Estimated expenditures for funeral and memorial wreaths under the 411(c) appropriation—representation

Fiscal year 1960.....	\$145
Fiscal year 1959.....	148
Fiscal year 1958.....	155

Now the request for liquor and entertainment:

REPRESENTATION AND ENTERTAINMENT EXPENSES
IN MUTUAL SECURITY PROGRAM

Fiscal year 1961 estimated representation expenses and entertainment expenses

	Fiscal year 1961	
	Estimated representation expenses	Estimated entertainment expenses
Military assistance.....	\$163,800	-----
Development Loan Fund.....	1,000	\$5,000
Administrative expenses, ICA (sec. 411(b)).....	198,000	6,000
Administrative expenses, Department of State (sec. 411(c)).....	72,500	1,000
Expenses, Inspector General and Comptroller.....	2,000	600
Total.....	437,300	12,600

Mr. Chairman, it is beyond belief that any additional request would be made for additional liquor funds, and I hope my amendment will be adopted.

The Clerk read as follows:

Amendment offered by Mr. GROSS: Page 6, line 3, strike out "\$550,000,000" and insert in lieu thereof "\$450,000,000."

Mr. GROSS. Mr. Chairman, it is to be noted in connection with this Development Loan Fund that, insofar as the taxpayers of the United States are concerned, the contributions to this fund are direct grants that are never returned to the Treasury of the United States.

This was made clear in the following colloquy on page 450 of the House hearings on the mutual security appropriations for 1961:

Mr. PASSMAN. At what time, if ever, does any of this go back in the U.S. Treasury?

Mr. MURPHY. Under existing authority, Mr. Chairman, it is not contemplated that any of the receipts of the Development Loan Fund, whether repayments of principal or interest, would go back into the general fund of the Treasury.

They are made available for the continuing operation of the DLF.

Mr. PASSMAN. We are hoping this program will come to an end one of these days. Let us discuss the present legislation.

There is no provision whereby any of this money will ever come back to the U.S. Treasury to reduce the public debt or to be reapropriated in other fields?

Mr. MURPHY. That is correct, Mr. Chairman.

And again on page 451:

Mr. PASSMAN. I do not believe in being repetitious unless it serves a useful purpose. It is not a matter of disagreeing or quarreling but a matter of setting the record straight.

Under the Development Loan Fund there is no provision in the law, and there is none planned that you know of, whereby the dollars that we are appropriating—come from the taxpayer—will go back into the U.S. Treasury, to be used toward reducing the public debt or to be spent to meet the payrolls of the U.S. Congress, let us say. Is that correct?

Mr. MURPHY. Yes, sir; I believe it is.

It is my belief that we should refuse to make any further grants of the taxpayers' dollars to this Development Loan Fund. As the record will show this is an outright grant of the taxpayers' money to provide funds for constructing projects in foreign countries, with none of the funds ever being repaid to the United States Treasury. At the present time nearly 80 percent of the funds are being made under loan agreements providing for repayment in foreign currency.

Certainly it is time to reduce this drain on the taxpayers' pocketbook. This amendment would be only a token step to what should be done.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 6, line 4, strike out the period and insert a colon and the following: "Provided, That none of the funds advanced to the Development Loan Fund shall be used to execute loans on which less than 50 percent of the loan is to be repaid in dollars."

Mr. GROSS. Mr. Chairman, the Director of the Development Loan Fund expressed the belief that some repayment should be made in dollars in these words, taken from page 312 of the House hearings on the mutual security appropriations for 1961:

Mr. BRAND. I might mention, Mr. Chairman, that in connection with local currencies, I feel rather strongly that the Development Loan Fund should have built into its loans some repayment in dollars in practically all of the loans.

It seems to me that when the taxpayers of the Nation are called upon to provide billions of dollars to this fund with no provision for repayment to the Treasury that the least we can do is to require that not less than 50 percent of the repayments made by the loanes shall be in dollars. If this is done it should reduce future requests for additional dollar capital to maintain the fund.

In addition, the time may come when it would be desirable to enact new legislation to either repay the taxpayers for the funds advanced or to pay into the Treasury a dividend on the taxpayers' investment. At such time it would be desirable to have a large part of the capital fund in dollars.

The Clerk reads as follows:

Amendment offered by Mr. GROSS. On page 9 after line 11 add the following new section:

"Sec. 114. None of the funds herein appropriated shall be used to implement new contracts or to extend existing contracts for tuition or studies which are in excess of \$200 per month per student."

Mr. GROSS. Mr. Chairman, the hearing record shows that the International Cooperation Administration is paying tuitions of \$800 or more per student per month. The Office of Education advises that average tuition rates for private universities run slightly over \$850 per year. For an 8-month school year this would be slightly over \$100 per month.

I cannot conceive how the administration of ICA can justify the exorbitant cost of some of the contracts that came to light in the recent hearings. When the Inspector General of the ICA states that he had no intention of investigating a contract that carried a tuition rate that is around eight times the average tuition rate of our institutes of higher learning, it is time we put some restriction on the use of the taxpayers' funds.

Many of these study courses appear to be primarily for the purpose of advising the ICA personnel new ways to give away the hard-earned taxpayers' dollars. Is it not in order to ask whether they are justified, even if the cost is reduced 75 percent?

Mr. Chairman, when we return to the House, I shall ask permission to include a copy of the proposed schedule of lectures which have been costing the taxpayers such exorbitant amounts.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Iowa.

The amendments were rejected.

Mr. GROSS. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD on each amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. REUSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. REUSS: On page 7, lines 16 to 18, strike out "section 106" and renumber the later sections accordingly.

Mr. REUSS. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. REUSS. Mr. Chairman, the Mutual Security Act of 1960, approved on May 14, directed the President to have a study made of the point 4 Youth Corps, under which young U.S. citizens would have an opportunity to serve abroad in technical cooperation programs. While the principal expenses of this study are to be paid for by a private foundation, up to \$10,000 of technical cooperation funds was authorized to help defray the expenses of the study.

Section 106 of the mutual security appropriation bill in effect vetoes the Fed-

eral contribution to this study, which Congress ordered only a month ago. My amendment, by striking section 106, would permit the study to go forward as envisaged in the Mutual Security Act of 1960.

One of the criticisms made of our foreign aid program has been that it concentrates too much on military aid and on the more grandiose economic projects, instead of on a person-to-person approach. The point 4 Youth Corps idea would permit at least a study to be made of this person-to-person approach.

The House Committee on Foreign Affairs, in its report on this year's Mutual Security Act, expressed its belief that "there is substantial merit in the proposal." The committee report states—page 29:

The committee believes that the United States is failing to utilize one of its important assets by not developing a program for using such services. If young Americans with farm backgrounds and adequate technical training, who are willing to live in the villages and share in the daily work of the people and would serve with only a minimum salary and subsistence allowance, could be carefully selected and sent to the less developed countries, they could be unusually effective representatives of the United States.

The gentleman from Georgia [Mr. PILCHER], chairman of the Subcommittee on Foreign Economic Policy of the House Committee on Foreign Affairs, reported to the House on June 1, 1960, on the subcommittee's recent six-continent study trip. The gentleman from Georgia reported that he and his subcommittee had found evidence of much "waste and extravagance"; but one outstandingly successful American project had been observed:

It would not be fair to criticize the highway program, the radio program and the water program, without stating that in Vietnam we found one of the finest agricultural programs I have ever seen anywhere. Up in the hill country, we visited an experiment station where several young American boys, graduates of agricultural colleges, were living in quonset huts along beside the Vietnamese. This experimental station would do credit to any station in this country. They had planted in experimental plots practically every agricultural crop, including cotton, corn, peanuts, potatoes, grains, all kinds of vegetables, and rael. In addition to this, they were showing the hill people who had been given 5 acres of land and a water buffalo, how to plant and cultivate in rows. These people also were doing a good job in their way and were very happy. The entire project has not cost as much money as one mile of the superhighway. This kind of program is helping the little people to help themselves.

The point 4 Youth Corps study proposal has been widely endorsed by newspapers, church groups, university faculty and student groups, as well as by both Houses of Congress.

The Christian Science Monitor of January 20, 1960, has the following editorial:

POINT 4 YOUTH CORPS

Representative HENRY REUSS, of Wisconsin, is offering Congress one of the best ideas yet devised for the competitive coexistence era.

He has filed a bill authorizing a study of the feasibility of a point 4 Youth Corps—a

draft-pay, draft-duration, draft-tough alternative to selective service for qualified young Americans who choose to serve their country in foreign rice paddies instead of the drill field.

We urge Congress to unearth and pass this bill speedily.

It will commit no one finally. It will cost little or nothing, since the study would be made by a private university or foundation as a public service. But it concerns a phase of the international struggle—the future gravitation of underdeveloped nations—that never has marked time waiting for Congress.

Although the program cannot be fully spelled out until all possibilities and pitfalls are studied, it would work in roughly this manner:

John Farmer is draft exempt while completing his agricultural course at Texas A. & M. After graduation he applies for a village-level job teaching modern farming methods under the International Cooperation Administration or Ford Foundation.

If he does not meet the qualifications, he reverts to draftable status.

But if he is accepted, John gets perhaps a 3-month stateside training period for his job (as rigorous in its way as Army basic training) and then is sent to a village project in India, where he will be paid the minimal wage and allowances he might have gotten for straight draft service. His hitch, like that of his rifle-toting buddy, is for 2 years. Let's examine possible objections to the idea:

1. It might provide a haven for draft dodgers.

Since public and private technical assistance agencies would themselves pass on quotas and qualifications, acceptance of "goldbrickers" seems unlikely.

2. It might siphon off top educated talent from the military draft.

Under current low draft quotas only a small percentage of this talent is being called anyway. Mr. Reuss envisions a point 4 Youth Corps of not more than 10,000 to start with.

3. Veterans groups might object to youth corps discharges being eligible for educational, pension, and medical benefits.

To meet this objection, Mr. Reuss and his analysts incline toward dropping veterans' benefits. We would agree, with the exception of the GI bill educational provisions, which would have even greater value for the Nation if extended to youths whose further study might provide a substantial number of first-rate new diplomats, international businessmen, and foreign service officials.

We would urge, as an additional safeguard, that recruiting posters and brochures for any such program emphasize that it is not a glamor world cruise, but one likely to involve more discomfort (and certainly less PX life) than peacetime Army service.

With these precautions taken, the advantages of the proposed youth corps are enormous.

The "have-not" nations are clearly going to be the battlefield for the world balance of power and for freedom in the coming generation. Money and military aid alone will not win that battle. Moscow and Peking are carefully training cadres to go out into the villages. The authoritarian control they work under puts them at a disadvantage. But only if there are in sight comparable workers who are both free and technically capable.

Mr. Reuss' plan would help show the emerging peoples in a personal way the American altruism that now is too often lost amidst dollar signs. It would strengthen language training, promote a more professional foreign service, and give enthusiastic young Americans a more mature understanding of the world they will have to face. In short, it merits bipartisan priority treatment.

From the Milwaukee Journal of May 16, 1960:

REUSS YOUTH CORPS

Congress has agreed, in the mutual security bill just passed, that Congressman HENRY REUSS' proposal for a point 4 Youth Corps deserves sympathetic study. The bill urges the President to select a university, foundation or other nongovernmental research group to develop the organization and program for such a corps.

What REUSS proposed, in conjunction with the late Senator Neuberger, Democrat, of Oregon, was that several thousand young Americans serve voluntarily at a soldier's pay in public and private technical assistance missions in the world's newly developing nations.

In a recent article in Commonweal magazine, REUSS suggested these advantages of such a corps:

It offers a possible alternative to military service under the draft. It would assure an adequate supply of young Americans to man technical assistance missions in years to come. It would give our youth "a sense of purpose—the excitement and stimulus of taking part in great events." It would give the world a far better image of a democratic, unmilitaristic, helpful United States. It would help keep our foreign-aid programs effective, flexible, and up to date.

The great challenges of the present decade may be coming in the villages and rural areas of Africa, Asia, and Latin America. Russia and China are training persons for that competition now. The United States had better be preparing its forces to represent freedom. The Reuss Youth Corps plan seems to offer a good starter.

In the May 7, 1960, issue of Ave Maria is the following:

MISSIONERS AT SOLDIER'S PAY

College students dreading graduation day and the subsequent greetings from the President of the United States may soon be in for a pleasant surprise. And the old jokes about the military services' bumbling inability to place their men where they will do the most good may go the way of the Army mule if a bill now pending in Congress is approved.

In brief, the bill, H.R. 9638, introduced in the House by Representative HENRY S. REUSS, would provide for a study looking toward a point 4 Youth Corps, a militia of young Americans willing to serve their country in public and private technical-assistance missions—and at a soldier's pay.

In other words, instead of being drafted to serve in one of the military forces, qualified young men would apply for the point 4 Youth Corps. If they met the required standards they would be trained further in their own fields and sent to an underdeveloped country to contribute to the welfare of that nation in a tangible way. No goldbricker would be accepted; in fact, the work would be much more difficult than the Army—but much more challenging.

Congressman REUSS sees three main objectives in his bill. The first is to benefit governmental and private agencies now afield in foreign countries, agencies desperately in need of additional technical manpower to help carry out economic, medical, educational and community development programs.

The second objective is to aid both those people in other countries and ourselves by an active public relations program. Through close contact with intelligent young American college graduates, the understanding of peoples in other lands will be broadened and enriched by learning and accepting American ideals.

Third, the benefits accruing to the young Americans themselves would be inestimable. Their firsthand experience in underdeveloped nations would undoubtedly intensify their appreciation of life in the United States, not

to mention the breadth and depth of outlook that their work would give them.

Representative REUSS' bill offers many constructive possibilities and should certainly receive careful consideration.

The Progressive magazine for May 1960 comments:

POINT 4 REJUVENATION

In his better days, when former President Harry S. Truman laid down a four-point foreign policy program in his inaugural address of January 20, 1949, he wrote into the language a term that has become a worldwide symbol of the generosity, the concern for others, and the creative imagination of the American people. Point 4 of President Truman's proposals was to be a bold, new program which would bring to all the world the benefits of America's great technical and scientific resources. It was conceived as a continuing effort to share our wealth of knowledge and skills with other peoples so that they could more rapidly develop their own human and material resources and improve their standard of living.

In the 11 years since the inauguration of point 4, thousands of American technicians in every conceivable social and scientific field have gone to every part of the earth to train and teach other peoples to help themselves. But the world's needs have scarcely been scratched, and President Truman's bold, new program has been much diluted by excessive caution, a military-minded administration, and a Congress cool toward economic aid.

Now a bold, new idea for implementing the point 4 concept has been introduced by Democratic Representative HENRY S. REUSS. The Wisconsin Congressman has proposed a point 4 Youth Corps for young American men and women to serve in technical assistance missions. The plan would call for 2- or 4-year college students or graduates to enlist for a minimum 2-year period for work overseas under both Government and privately sponsored point 4 programs—work which would utilize their special training and talents.

We concur heartily with the basic objectives of such a Youth Corps. As outlined by Representative REUSS, they are:

First. To make additional technical manpower available to U.S. agencies and to private agencies carrying out economic, medical, educational, and community development programs in underdeveloped friendly foreign countries.

Second. To assist in broadening the understanding by the peoples of other nations of the ideals and aspirations of Americans, through close contact with young Americans participating in the point 4 Youth Corps.

Third. To offer our young people an opportunity to serve their country in a stimulating way, while broadening their understanding of the problems facing other peoples and nations.

The legislation which REUSS has introduced in the House (and an identical bill brought before the Senate by the late Senator Richard L. Neuberger) asks for a non-governmental study to determine the practicality and advisability of such a corps, with recommendations to be returned to Congress within a year.

It has been suggested that enlistment in the Youth Corps might be an alternative to military service under the present draft law. But this possibility is by no means an essential part of REUSS' proposal and we would hope that any study of the plan would not emphasize this feature as one of its recommendations. A more constructive approach, it seems to us, would be to eliminate the military draft and establish the point 4 Youth Corps as a voluntary peace army bringing new life, new ideas, and new skills to peoples all over the world. We are confident that many thousands of our college

students would be eager to take advantage of the enormous opportunities which would be opened to them by such a program.

Edward P. Morgan, in his May 2, 1960, news broadcast over the American Broadcasting Network, said:

In a Senate speech last week, Chairman WILLIAM FULBRIGHT of the Foreign Relations Committee described the administration's mutual security program, on which final action is pending in Congress, as a "plate of warmed-over grits." Defending the principle of foreign aid as being as necessary to the country as a life insurance policy to a family, FULBRIGHT scored the administration for lack of initiative and long-range planning which he held essential to the program's successful continuity. Still, he conceded, there is nourishment in warmed-over grits and reluctantly he endorsed the legislation as better than nothing.

In this package, however, there is at least one germ of a promising idea. It is to give eligible young Americans a chance to work on foreign-aid projects in the field as an alternative to the military draft. The Senate bill includes a \$10,000 item to study the feasibility of recruiting 10,000 youths for a 2-year hitch on technical assistance jobs. This approach was cosponsored by Congressman HENRY REUSS of Wisconsin and the late Senator Richard Neuberger, of Oregon, both Democrats. Minnesota's Senator HUBERT HUMPHREY argues a study is unnecessary; says we already know what the problems are and he is preparing a bill for direct action—if he can take enough time from presidential politicking to introduce it: a 3-year tour (a year longer than the draft but at basic Army pay without veterans' benefits) beginning with 500 the first year and building eventually to 10,000.

The response on various campuses which have caught wind of it has been enthusiastic but the unofficial State Department and International Cooperation Administration reaction so far is something as follows: "It's a nice idea, but, gee, we already have all these other problems."

Interestingly enough, the exciting experiences of a small private outfit in this field called International Voluntary Services, may eventually bring the bureaucrats around. IVS, run largely by exmissionaries on a non-sectarian basis, has contracted with foundations and ICA to man such projects as agricultural experiment stations in Laos and Egypt. Already both governments have requested more of these young un-ugly Americans. The two trying new crops along the Nile are beseeched by Egyptians to teach them English in their spare time. Apparently this person-to-person contact on the grassroots level is one of the secrets of success for IVS, whose candidates are carefully selected not only for their skills but for a kind of pioneering spirit; only 1 in 10 qualifies.

In an article in the current issue of *Commonweal* magazine on his plan for a point 4 Youth Corps, Congressman REUSS writes that "too often we seem to emphasize military alliances with corrupt or reactionary leaders; furnishing military hardware which all too frequently is turned on the people of the country we are presumably helping." (Shades of Turkey and Korea.) REUSS speaks of "grandiose and massive projects" and "hordes of American officials living aloof in enclaves in the country's capital." And he asks: "Would we not be farther along if we relied more heavily on a group of some thousands of young Americans willing to help with an irrigation project, digging a village well, or setting up a rural school?"

One of the things which steamed up Senator HUMPHREY's enthusiasm originally was this kind of modern pioneering concept. Applicants would have to have three main assets: real skill, real enthusiasm, and a

certain political and social maturity with a minimum age of 22. The recruits would take a 1-year training course, half in the United States, half in the country where they were assigned. Their jobs? Teaching literacy, teaching English, basic agricultural and industrial skills, sanitation and health techniques, and many other functions.

Carefully applied, this approach to foreign aid could do a great deal to transform the program from a plate of warmed-over grits to a large nourishing helping of frontiersmanship in a rich American tradition.

This is Edward P. Morgan saying good night from Washington.

The U.S. National Student Association, on May 28, 1960, took the following position in testimony before the Democratic platform committee:

On the domestic scene, the U.S. National Student Association supports an expanded program for bringing foreign students to the United States provided that the program calls for closer planning between the United States and foreign governments to determine manpower needs and greater emphasis on 1 or 2 year special programs oriented toward leadership training and technical fields; we further support the allocation of "soft currency" funds under Public Law 480 as a means of expanding or initiating programs of U.S. educational institutions which would contribute to cultural and educational development in foreign countries with projects such as delegations of U.S. student leaders. We submit, however, that a bolder, more imaginative step is urgently needed. We believe that the House of Representatives bill 9638, introduced by Representative HENRY S. REUSS, Democrat, of Wisconsin, to provide for a study to be conducted by a nongovernmental group on the advisability and practicability of the establishment of a point 4 Youth Corps under which young citizens will be trained and serve in programs of technical cooperation is one effective way to help meet the challenge of the "revolution of rising expectations" as well as Communist infiltration through programs of technical assistance and youth festivals. One of the factors to be considered is whether or not it would be desirable to provide that service in the point 4 Youth Corps shall be considered as satisfying the obligation of the individual to perform training and service in the Armed Forces. The U.S. National Student Association urges this group to provide American youth with this imaginative and constructive alternative way to serve their country.

At least four universities—New York University, Syracuse University, Colorado State University, and Stanford Research Institute—have submitted proposals for comprehensive studies of the point 4 Youth Corps proposal. Moreover, I am informed that several foundations have expressed interest in helping to defray the expenses of such a study.

My amendment is designed to prevent killing the idea of a point 4 Youth Corps before it can even be studied. If you believe in the principle of foreign aid, the point 4 Youth Corps study deserves support because it can help revitalize the aid program. If you are critical of foreign aid, the point 4 Youth Corps proposal offers a way of helping people to help themselves.

I hope the amendment will be adopted. Mr. REUSS. Mr. Chairman, I ask unanimous consent that the gentleman from Indiana [Mr. BRADEMAS] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BRADEMAS. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Wisconsin to permit the President to arrange for a modest study—to cost no more than \$10,000—of the advisability and the practicability of a point 4 Youth Corps.

I hope very much that we will agree to let the President go ahead with this modest provision for the study of a program through which young Americans can be trained to serve in public and private technical missions in the underdeveloped areas of the world.

The amendment does not commit the United States to any program but only asks the President to provide for a non-governmental research group, university or foundation, to study the advisability of a point 4 Youth Corps.

Shortly after the gentleman from Wisconsin introduced his bill, earlier this year, I met with a group of some 45 church, civic, and university leaders in northern Indiana who had requested me to arrange a special meeting to discuss the prospects of this proposal.

These leaders were deeply impressed by the positive contributions which a group of intelligent and dedicated young Americans could make to lifting the level of life in the underdeveloped areas and to doing so in a practical, down-to-earth, person-to-person way.

There are several reasons why a point 4 Youth Corps could contribute significantly to our mutual security program.

First. The corps would do much to correct the image of the United States which has resulted from undue emphasis on military aid alone under the mutual security program, important though that aspect is.

Second. Such a program would be one way to provide assistance to developing nations directly to the people who need it, and not simply to governments alone, important though that aspect of the mutual security program is. The prospect of a group of intelligent young American college graduates working at the grassroots level with peoples abroad would go far to counteract the image represented in some of the cases set forth in "The Ugly American."

Third. I believe we should not overlook the benefit to the young Americans who would participate in such a program, benefit not purely in terms of their greater understanding of foreign countries but also in terms of their participating in a laudable effort in the interest of their own country. We hear a great deal these days about national purpose. The point 4 Youth Corps is a hardheaded and practical example of the way in which young Americans might show the world the very best that is in the American national purpose.

In short, Mr. Chairman, there is a great deal to be gained and very little to be lost by the investment of \$10,000 in the study which the amendment of the gentleman from Wisconsin would make possible.

Mr. DERWINSKI. Mr. Chairman, I am opposed to this mutual security

appropriation and wish to emphasize that those of us who are in the minority opposing this measure are contributing greatly to whatever effectiveness the program might have. For this reason, without effective opposition, pointing out the flaws and inconsistencies of the administration of this program, the cost would skyrocket and the American taxpayers would be unprotected against a monstrous bureaucratic assault upon the U.S. Treasury.

Under present international conditions, the usual controversy surrounding foreign aid has been increased, since it represents such a large portion of the U.S. budget.

I emphasize, however, that the theoretical goals of the foreign aid program are certainly commendable. Certainly we recognize the problem in rebuilding of war-devastated lands, development of backward nations, and the containment of communism. I maintain, however, and it is an undisputed fact, that the program has fallen far short of perfection and the \$85 billion invested in it these last 14 years has not returned a proportionate benefit to the American taxpayer.

Mr. Chairman, may I point out that the ill-fated summit conference and the cancellation of the President's visit to Japan emphasize the need for complete evaluation and proper use of funds under the foreign aid program, since, once again, it is obvious the money spent has not produced respect and support of our country by the peoples and governments abroad, nor has it produced the completely sound allies to which we are entitled in view of our great contributions to the free peoples of the world.

Those of us who are voting against the foreign aid appropriations bill are exhibiting complete independence, knowing that both major political parties, the State Department, a great number of national publications, and President Eisenhower all favor the program.

Mr. Chairman, I also feel that foreign competition in producing goods by factories built with foreign aid funds is beginning to have a detrimental effect on our economy and employment, and this factor should undergo immediate and thorough study.

Mr. CARNAHAN. Mr. Chairman, soon after the Second World War, on June 5, 1947, to be exact, Gen. George Marshall, in a speech delivered at Harvard University, set forth a concept, which while it has been most controversial, may probably be credited with saving much of the free world from becoming unwilling satellites of the Soviet Union. This we knew as the Marshall plan.

I need not labor the obvious today that the world situation is very serious. This is apparent to all intelligent people. I think that one difficulty is that the problems of today are of such enormous complexity that the very mass of facts presented to the public by press and radio make it exceedingly difficult for the man in the street to reach a clear appraisal of the situation. Furthermore, we are distant from these really troubled areas of the world and sometimes it is

hard to comprehend the plight and consequent reactions of the long-suffering peoples who strive to lift themselves from the quagmire of disease, illiteracy, and economic want.

Back in 1947 when the then Secretary of State Gen. George Marshall gave his address at Harvard, Europe was still in a shambles. There had been terrific losses of life, visible destruction of cities, factories, mines, and railroads. However, it soon became obvious that this visible destruction was probably less serious than the dislocation of the entire fabric of European economy. Into this serious gap stepped the American people with their offer to assist in the recovery of Europe. As a result, long-standing commercial ties have been reestablished, private institutions, banks, insurance and shipping companies have regained their capital. Europe has recovered economically.

It is a different story in Asia and Africa. The emergence of many newly created nations in both Africa and Asia with the subsequent demand for full participation in the fruits of an economic plenty such as we have here in the United States, led to demands on the part of the peoples of these nations which could not be met unaided by their own governments. Into this area of human need stepped the American people with their grants, loans, and offers of technical assistance and guidance.

And as if this were not enough of a problem to be faced and solved, we of the free world found ourselves engaged in a life and death struggle with international communism. This we know as the cold war. The cold war led to the establishment of defense alliances between the United States and its friends in Europe, Asia and the Middle East. As a result, in addition to sheer economic aid to repair the ravages of war and to establish newly emerging economies, we in the United States were faced with helping to equip for defensive purposes only vast military machines to help uphold these friendly governments and assist them in resisting Communist brandishments and aggressions. Thus our program of aid to our allies took on at least the following characteristics: A program of grants to assist in stabilizing various economies; a system of loans through one or more organizations set up for the purpose of economic development; a program of technological assistance to train the peoples of these nations in the ways of a modern industrial society; and, a system of military alliances wherein each partner is pledged to the defense of the other in the event of aggression against it.

This has and continues to be a costly business. Yet, I see no present alternative to this program. To eliminate or even seriously cut back our mutual security program today would be inviting danger, real and imminent, since into such a vacuum would step worldwide communism and America would find itself driven back to its own shores, hemmed in by hostile forces run by capricious dictators.

A major goal of American foreign policy has become a decent standard of liv-

ing for all peoples. It is not an easily accomplished task and at times is slow, laborious, and oftentimes fraught with disappointment and setbacks. As a member of the Foreign Affairs Committee which first reviewed this mutual security bill this year, I can state that there are two very basic features of the program: First, the preservation of an adequate defensive strength; and second, the encouragement and promotion of human betterment. Here once again is an opportunity to participate in a mutual effort for peace and progress in freedom.

I believe that this appropriations request is tightly budgeted and that the appropriation of the full amount is needed and necessary. This money will be needed if the programs Congress has authorized are to be carried out. Approval of this program will reaffirm the readiness and determination of the United States to meet its responsibilities and to defend and protect its way of life. Such reaffirmation can best be provided at this point through appropriation.

Mr. KASEM. Mr. Chairman, I regret that I will not be able to remain on the floor to vote on final passage of the mutual security appropriations legislation for which we have been considering amendments. Pressing matters in California make it imperative that I leave at this time, but it is apparent that support from both sides of the aisle assures the passage of this important measure.

I would like the RECORD to show, however, that I had intended to offer an amendment for the consideration of this body.

It has come to my attention that in the carrying out of the mutual security program, the original objectives and intent are often lost sight of, and the good results are sometimes only incidental.

My amendment was designed to be completely objective and would impose no appreciable burden on the Executive, but would serve to remind the President, who bears the chief responsibility in the administration of this program, that the program has an objective. It would further insure that a conscious effort toward the attainment of that objective which impelled the program would be maintained.

My amendment is so mild that it does not ask even for substantial progress toward the objective we seek—only substantial effort. The amendment is as follows:

Page 13, line 21, after the words "the purpose hereof", strike out "title IV" and insert: "That no part of the assistance provided in this Act shall be made available to any government or nation until the President shall declare in writing that he finds that such government or nation has made substantial efforts, commensurate with its resources and state of development, to establish and make effective democratic institutions therein and to improve the level of education and standard of living of the general population of said nation; that freedom of expression exists therein or that a program towards the end of establishing freedom of expression exists in said nation and that such program is conscientiously pursued; that peaceful opposition to the government is not prohibited or inhibited by law or other governmental action; and, that the President shall include in said writing

a general statement of the evidence on which he bases said findings," and reinsert at that point the words "Title IV".

Only the temper of this body and my desire to refrain from obstructing final acceptance of the bill as it is restrains me from introducing this amendment at this time in spite of my other commitments.

Mr. ASHLEY. Mr. Chairman, the mutual security appropriation bill before us is one of the most important pieces of legislation which this Congress will consider. This is particularly true in light of recent world events which have made it clear that the position of the United States, and indeed, the entire free world, is extremely insecure. It is for this reason that I am supporting this legislation wholeheartedly and it is also the reason why I will support amendments to strengthen the programs contained in the bill.

In light of the recent sequence of foreign policy setbacks, I think it is well to mention that there is one area where we have made a major gain in our relations abroad. I refer to the agreement reached after 9 years of negotiation by the World Bank and our Foreign Service through which India and Pakistan will share the Indus waters. The United States and five other nations have agreed to make substantial contributions to this vital and imaginative project. It would be an incalculable blow to the United States throughout all of Asia if we were to scuttle the first major attempt to enlist other nations in joint aid efforts. For this reason and for others which my colleague from Connecticut, Mr. BOWLES, will amplify, I intend to support this amendment which will make funds available for U.S. participation.

Most important of all, Mr. Chairman, is the need to restore the funds which have been cut from the military assistance program and from defense support. These cuts, amounting to \$400 million and \$124 million, respectively, would immediately and directly weaken our defense capability—at a time of heightened tension when few would think of lessening either our capability or resolve. The cut in military assistance, if carried out, would affect the modernization of defense equipment of our major allies, particularly in NATO, but also in the Far East. And if the cut in defense support is not restored we will have to reduce all along the line the strength of the defense maintained by our allies in our common interest, or in order to maintain full strength in some countries we will have to abandon or seriously limit our help in other areas. Either of these courses holds the potential of disaster for our friends and for ourselves.

Mr. ROGERS of Florida. Mr. Chairman, once again, we have before us the foreign aid appropriations bill. We are admonished by some of our colleagues here in the House, by Members of the other body and especially by representatives of the administration, that the substantial reductions recommended in the fiscal 1961 mutual security program by the committee, if acquiesced in by the Congress, will at least do violence to the concept of mutual security. Some carry

their protestation a step further and tell us that any cut of consequence would wreck our prestige abroad and provide the proverbial hole in the dike through which would come rushing the flood of Communist imperialism.

These predictions of dire consequences are by no means new. Just as regularly as clockwork they accompany congressional consideration of both the foreign aid authorization and appropriation bills each year.

Permit me to recapitulate for a moment.

For fiscal 1956, the Congress appropriated \$2.7 billion for the mutual security program. For fiscal 1957, the President requested \$4.9 billion for this program. At the time, there were about \$7 billion on hand in unspent and carried-over funds. The House committee reduced the requested amount to \$3.665 billion. President Eisenhower appealed to the Congress to restore the cut saying that a refusal to do so "would definitely injure our efforts to help lead the world to peace based on cooperation and justice."

The late Secretary of State Dulles and the then Chief of the Joint Chiefs of Staff Radford went before a closed meeting of the Senate Appropriations Committee with pleas for restoration of the cut. Dulles warned that if the Congress refused, "the world would interpret its action as meaning it believes the Communist danger has passed." He said further that the cuts voted "could have a serious psychological effect upon the nations of the free world who would relax their own great efforts if they felt the United States did not consider further efforts necessary." Radford said the cuts would not only jeopardize the Nation's security but "might well lead to a further weakening of the defense efforts of our allies." A former member of the Senate Foreign Relations Committee was quoted as saying that the cut voted by the House betrayed "complete misunderstanding of what we mean by the so-called foreign-aid program."

For fiscal 1958, the administration requested \$3.8 billion for foreign aid. The House reduced this amount by about \$400 million. Commenting on the reduction, the President said:

The cut can be considered as no less than a threat to our Nation's security and that of the free world.

Secretary Dulles, commenting on the reduction in defense support funds, said that it "would be felt at once and would seriously undermine the economics of allied countries." Another spokesman of the administration, while admitting that some of the programs had been badly executed, declared that Congress must take the responsibility "in the event world developments prove those cuts to have been unwise."

In connection with the budget request of over \$3.9 billion for fiscal 1959 from which the House pared \$872 million, Mr. Walter Robertson of the State Department was quoted as declaring that "no one except the Communists would rejoice" if these cuts were sustained. He also called for patience and perspective with the "shortcomings and failings" in

the administration of foreign aid. In an appeal for restoration of the full amount requested Secretary Dulles cited the Middle East crisis, and the powerful "forces of change" then at work in the world.

These changes will destroy us if we merely sit on the sidelines as observers.

At an earlier news conference, Mr. Dulles called these reductions "a grave threat to the security of the United States." Mr. James Smith, then Director of the International Cooperation Administration, was quoted as saying that congressional cuts in the aid program would be "almost precisely what the Soviet has been hoping for."

For fiscal 1960, the President appealed for support for a \$3.930 billion mutual security program as "a tool in our battle for a lessening of tension and some advancement toward peace." When the House reduced this amount by \$742.5 million, the President admonished this body for endangering this country's world position and for invading the domain of the executive department by writing into the bill a "freedom of information" provision. Secretary McElroy said the reduction might be interpreted as an indication of a "softening in our attitude." Leonard J. Saccio, Acting Director of ICA, testifying before the Senate Appropriations Committee in support of economic aid programs, challenged advocates of economic aid reduction to show that reduction could be made without, first, "the gravest peril to U.S. foreign policy objectives"; second, "threatening the collapse of some countries heavily dependent on the aid"; third, "undermining the hopes of economic progress in many more countries"; fourth, "greatly strengthening the hand of local totalitarians who offer a desperate alternative to economic disaster"; and, fifth, "inviting the Soviet bloc to move forcefully into the vacuum with offers of economic aids."

Admonitions of a similar nature as in the past are with us again today. Already spokesmen have said that a large reduction in a foreign aid would be "regarded by the world as a headlong retreat by our country, either as an abandonment of collective security or as a withdrawal of our interest in the welfare of friendly peoples struggling to stand with us in freedom."

President Eisenhower has issued a strong public appeal for support of the foreign aid program. The House committee has again voted to substantially reduce the requested amount. If the temper of the House is the same as in past years, a substantial cut in requests will probably be sustained.

Actually, Mr. Chairman, I would point out that in the face of repeated substantial reduced appropriations for the foreign aid program over the last few years, there was still available more money than was spent. In fact, over the last 5 fiscal years, mutual security spending requests have totaled almost \$20 billion but only slightly in excess of \$19 billion has actually been spent. In only 1 fiscal year in the last 5 has more been actually spent than was requested in the budget. In this 1 fiscal year, 1956, it is signifi-

cant to note that more money was available for expenditure due to the carry-over from the previous year of almost \$8 billion in unexpended funds. For the benefit of those who might not have these figures available, I would like to include them at this point in my remarks. They follow:

(Billions)		
Fiscal year	Requested	Spent
1956.....	\$3.4	\$4,256.9
1957.....	4.9	4,003.4
1958.....	3.8	3,636.8
1959.....	3.9	3,866.5
1960.....	3.9	3,349.9
Total.....	19.9	19,113.5

Also, I think the record will show that a number of the serious international tensions we face today are totally unrelated to the amount of foreign aid funds we have to spend.

Investigation into the foreign aid program time and time again have led to the conclusion that the major problem is not too little money but too much—that it was not reaching the people. Those who have urged patience and perception with its failures and shortcomings continue to explain away these failures and shortcomings by telling us that corrective action is being taken. Such explanations make one wonder whether remedial action is taken before or after the mistake.

Mr. Chairman, the President himself has gone on record as supporting a greater emphasis on loans and a corresponding deemphasis on direct gift and grant economic assistance. This year, a report on section 503(c) of the Mutual Security Act was submitted to the Congress. This section, added to the bill last year as a result of an amendment sponsored by Senator MANSFIELD and myself, directed the President to cause a study to be made into the gift and grant program and a plan devised to progressively reduce these programs. The report submitted as a result of this study gave reassuring news that this gift and grant program in about half of the countries now receiving this type aid could well be terminated in the next 5 years. I hope that this beginning will mark a rapid switchover from a concept of direct gifts to one of loans—thereby conditioning our aid to recipient nations for their economic development with an obligation of repayment.

To assist in this switchover, there are a number of national and international sources of financing aimed specifically at economic development. The World Bank, with an authorized capitalization of some \$21 billion, offers long-term loans to member nations to aid in their industrialization and development. The Bank's membership consists of the governments of 68 nations, each subscribing to its capital stock in accordance to its own economic strength. The lending operations of the World Bank are conducted on the basis of three main principles: One, that the borrowing country must be in a position to repay the loan; two, that the project or program to be financed will be of such benefit to the economy as to

justify the borrowing of foreign exchange; and three, that the project is itself well designed and feasible of operation.

I submit, Mr. Chairman, that these principles are such that they might well become the basis of a sound economic aid program. The Bank employs only 600 people; these 600 people have and are supervising some 600 projects in 50 countries. To date, every loan has been met in principal and interest payments. This fact is not happenstance. It has resulted from careful planning and controlled operations. Contrast this to the administration of today's foreign aid program with its more than 43,000 employees, limitless funds and questionable results.

The Export-Import Bank is authorized to borrow up to 8 billion from the U.S. Treasury to loan to foreign nations. Money loaned remains in this country to purchase American goods and machinery and the like thus helping to strengthen the American export trade.

The Inter-American Development Bank, American participation in which was authorized by the Congress last year, has not yet begun operation but nonetheless will serve to encourage development among our friends in Latin America.

In addition, private enterprise is willing and anxious to provide the needed financing for undeveloped countries. This source of aid is too often, I feel, not utilized to the point of its capabilities and willingness. A sound program of providing economic aid to the underdeveloped countries cannot afford to ignore such possibilities.

In sum total, Mr. Chairman, my disagreement is not with the concept of mutual security, as such. I fully realize that our allies must be strengthened militarily. I also appreciate that there are underdeveloped nations in the world in which economic development should be fostered and encouraged. My objection is lodged against the means with which we are striving to attain these desirable ends. The shortcomings and excesses which we are asked to be patient with continue and mount and administering bureaucracies grow larger and larger. We create dependency instead of self-sufficiency and self-respect. In good conscience, Mr. Chairman, I cannot support this program with such large sums on hand and unspent nor until such time as it is reevaluated in terms of a better approach and a greater effort made to reach the people with something they can understand and appreciate.

Mr. MERROW. Mr. Chairman, I wish to point out that the gentleman from Florida [Mr. SIKES] emphasized the importance of Guatemala to the free world. If Guatemala should ever again fall into the hands of the Communists it would be a tragic blow to the course of freedom in the Americas. The gentleman from Florida is a great student of Latin America and is ever alert to the growing menace of communism in that area. I congratulate both him and the distinguished gentleman from Louisiana [Mr. PASSMAN] for highlighting the ne-

cessity for consideration of Guatemala in the category of those countries which confront serious situations requiring grant economic aid. All of us realize the importance of Guatemala and of the outstanding contribution she is making to the free world.

Mr. GEORGE. Mr. Chairman, how can the administration of the mutual security program be so intermeshed with corruption, waste, and extravagance as is evidenced by the committee hearings? A year ago much the same condition existed.

When the executive branch of our Government takes no cognizance of such maladministration and permits the situation to grow worse, many Members are tempted to vote against H.R. 12619. If the continuance of our free and democratic form of government did not depend to such a great extent upon the necessary appropriations being made for mutual security, this measure would be defeated overwhelmingly.

Possibly the Democratic majority in Congress has been too meek in dealing with the Republican administration. Criticism has been tempered, especially in the field of foreign policy. For this reason we, the Democratic Party, must accept part of the blame for the failure of our foreign policy to stop Communist expansion.

Since 1952 the only semblance of a bipartisan foreign policy has been the failure of the Democratic leadership to criticize—even to criticize constructively. Not since Harry Truman left the White House—never to be invited to return—has the foreign policy of this country had the advantage of a truly cooperative effort by both political parties. No Democratic leader has had an opportunity to participate in the establishment or administration of our foreign policy.

The bombastic insults hurled by the Russian dictator have apparently succeeded in drawing the American people closer together in support of our President—and therefore in support of a foreign policy that has not been successful. This was no doubt the result expected and intended by the wily leader of the Communists.

We Americans must not permit our loyalty to the President and our sympathy for him to prevent the piercing of the Communist veil. We must select a President that will not hesitate to depart from the status quo in foreign affairs. We must place a younger man at the head of our Nation—and one who is not tarred with the status quo.

Thankful we should be that the summit meeting was not held. We had nothing to gain and much to lose. Our agreements would have been kept, but only those to her advantage would have been kept by Russia.

With all the sound and fury of the ranting Communist dictator, there is no change in attitudes or objectives. There would have been none if a summit conference had taken place. There will be none.

These events are now behind us, but they and the developing attitudes in other countries definitely establish the

fact that friendship cannot be purchased. Billions of dollars have been spent to create good will abroad, while the very men who expend the funds have incurred through their maladministration of them the scorn and illwill of the people of the nation in which they live so luxuriously.

The next administration must revive the bipartisan foreign policy and breathe new life and vigor into it. Our people should forever be grateful that only a few months remain for the present confused and bewildered administration.

In the future our efforts should be confined to negotiations through diplomatic channels—and we should pray that we can soon have trained personnel to do the job. We must remain strong as a Nation, but the wasters and the grafters must be eliminated from our foreign aid and defense programs. Morality must be restored to the Government of the United States.

Through the United Nations we might offer Russia the opportunity to assist underdeveloped countries to come into their own. Or in aiding such countries we could offer to work—at arms length—in a cooperative arrangement with Russia instead of the competitive, expensive plan we are now pursuing. Whatever plan we adopt, a constant vigil must be maintained and our guard must forever be held high.

It is possible that when more is learned about the mysteries of space, all countries on the face of the globe may be glad to cooperate in the interest of self-preservation.

No one nor any nation wants to commit suicide and the individual, in whatever country, desires to have a home and food for his family, dignity for himself and his brother, and above all an honorable and lasting peace. An ironclad arms control agreement should be our immediate and primary objective.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. REUSS].

The amendment was rejected.

Mr. McDOWELL. Mr. Chairman, I offer an amendment.

The clerk read as follows:

Amendment offered by Mr. McDOWELL: On page 7, line 10, insert "(a)" immediately after "Sec. 105."

On page 7, between lines 15 and 16, insert the following:

"(b) None of the funds appropriated by this Act, and none of the counterpart funds or other foreign currencies generated through the use of funds appropriated by this Act, shall be available for expenditure by any Member of the Senate or House of Representatives (including the Resident Commissioner from Puerto Rico) in connection with travel outside the United States where no full public disclosure itemizing all such expenditures will be made."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Delaware [Mr. McDOWELL].

The amendment was rejected.

Mr. MEADER. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PRIVATE ENTERPRISE IN UNDERDEVELOPED AREAS

Mr. MEADER. Mr. Chairman, the April 1956 edition of Fortune magazine published an editorial entitled "The American Game," a portion of which I want to quote:

The real source of America's strength lies in its own flexible and dynamic system of private enterprise, and in the projection of that system abroad.

I incorporated the editorial in remarks I offered to the House in the CONGRESSIONAL RECORD, volume 102, part 7, pages 8753 to 8754. I regard that editorial, and particularly the paragraph I quote, as identifying the most powerful and effective weapon we possess with which to fight our ideological war against communism. The real contest is for the minds and attitudes of the peoples of the new nations emerging from colonialism, most of them loosely classified as underdeveloped by our standards. In this contest our deeds certainly will speak louder than words. A demonstration that free economic and political institutions are superior to the organized slavery of communism is ideological cash in the bank of world public opinion; high sounding oratory, slogans and headlines without performance are debits against international good will.

I have always felt that our assistance in economic development overseas should be provided by the American business community with their own capital at no cost to the taxpayers, and that the role of our Government is to foster and facilitate private capital investments overseas by using its personnel and diplomatic sanctions and instruments to break down artificial barriers to trade and investment and thus contribute to the attractiveness of private capital investments abroad.

One of the principal efforts of my service in Congress, has been at attempt to direct the efforts of our Government along those lines. In 1951 I urged the creation of a Commission to study the problem and map a course to achieve that goal. That effort, I am unhappy to say, was unsuccessful—CONGRESSIONAL RECORD, volume 97, part 3, pages 4209 to 4213.

In 1956, Congress created the Development Loan Fund. I offered an amendment to the declaration of purposes of the fund to indicate that in assisting underdeveloped areas it was the intent of Congress that we foster free enterprise economies.

As many of you know, that idea was strenuously opposed by both the State Department and the ICA, and it is due, in my judgement, only to the statesmanship and clear thinking and foresight of two of our former colleagues, the Honorable John Vorys, of Ohio, and the Honorable Brooks Hays, of Arkansas, that the free enterprise idea was incorporated into the charter of the Development Loan Fund.

Mr. Chairman, this year there have been two important developments which

have given impetus to the movement to enlist American capital to make a greater contribution to economic undertakings overseas. The first is passage by the House of Representatives of the Boggs bill, H.R. 5, providing tax incentives for investments abroad, and the second, the attitude of the new management of the Development Loan Fund under its new Director, Mr. Vance Brand. Mr. Brand assumed office as Director in September 1959. Repeatedly, in appearances before our Foreign Operations and Monetary Affairs Subcommittee of the Committee on Government Operations, he has asserted that he proposes to use the funds and powers of the Development Loan Fund to foster and encourage private capital to make its contribution in economic development abroad and to induce beneficiaries of our assistance to shape their own economies along freely competitive lines.

Mr. Chairman, my attention has been called to an article written by Mr. Brand for the current issue of the General Electric Defense Quarterly in which he not only enunciates this policy, but cites examples where it actually has been carried out. I want to commend Mr. Brand for this forthright espousal of our traditional American principles of free economic institutions, and I believe that not only my colleagues, but the American people, generally, should be aware of this significant and salutary development.

Where economic development abroad can be carried out by the investment of private capital rather than government grants and loans, these significant advantages accrue:

First, and most obvious, is the relief to the taxpayer by reducing the amount he must contribute to foreign aid;

Second, the tax base is broadened by the capital invested and the earnings accrued;

Third, know-how and technology naturally accompany overseas movement of capital, and the resulting training of indigenous personnel, both labor and management, is undoubtedly better than the current forced-draft type of training where our Government hires technically skilled people at taxpayers' expense to provide training in underdeveloped areas;

Fourth, the people-to-people relationship resulting from Americans doing business abroad widens understanding and strengthens economic and social ties between our people and those of other countries; and

Fifth, government-to-government grants or loans for economic development must inevitably encourage government participation and interference in economic and commercial undertakings ranging from socialistic or communistic ownership and operation at one end of the spectrum to price fixing and other types of regulation at the other.

More important than any of the foregoing considerations is that in both advocating and demonstrating the free enterprise system in economic development we are striking our most effective blow against the Communist ideology by showing in actual practice the superiority of a system which leaves the maxi-

mun of discretion to the individual and makes full use of those most important natural resources of all—the energy, the ambition, the courage, and the determination inherent in every human being striving to improve his lot. In this way America will be on the offensive in the ideological combat rather than the defensive.

Mr. Brand's article appropriately points out that the Government cannot draft or compel the American business community to participate in economic development overseas. But our Government can and should pave the way for natural economic forces to operate freely, unhampered by artificial restrictions and inhibitions imposed either by our Government or the governments of the countries we are seeking to assist.

In my judgment all our Government personnel having any relationship to this program should conduct their day-to-day operations and should shape their policies and programs to encourage and facilitate the objective of economic development through private capital investment. Since the Development Loan Fund is one of the most important Government instruments in this area, it is encouraging that its Director, Mr. Brand, has forthrightly and vigorously announced a policy in line with the foregoing objectives.

Mr. Chairman, the Foreign Operations and Monetary Affairs Subcommittee has been conducting a study of the operations of the Development Loan Fund, and on April 19, 1960, filed with the House its report on one aspect of Fund operations ("Operations of the Development Loan Fund," H. Rept. No. 1526). The committee was critical of the practice of earmarking or making advance annual country allocations. The report points out that the period of which the committee was critical were fiscal years 1958 and 1959. As previously noted, Mr. Brand was not appointed Director of the Development Loan Fund until September, 1959, subsequent to the period which the committee study covered. Thus, the criticism contained in the report was not and ought not to be considered as directed against Mr. Brand's administration of the Development Loan Fund.

The subcommittee is continuing its study of the Development Loan Fund, and one of the aspects of that study which is of greatest interest to me is the extent to which the policy announced by Mr. Brand in his article is actually effected in practice.

I incorporate Mr. Brand's article at this point in my remarks:

[From the General Electric Defense Quarterly, April-June 1960]

AMERICAN PRIVATE RESOURCES IN OVERSEAS DEVELOPMENT

(By Vance Brand, Managing Director, Development Loan Fund)

The Development Loan Fund represents a new approach to managing U.S. financial resources, in an effort to help bring about economic breakthroughs in underdeveloped countries. The man who controls DLF's worldwide lending program explains what this means to the United States:

Foreign economic development improves American economy.

The DLF opens broad new areas to American private enterprise.

It offers practical encouragement of the American way of life abroad.

It is an approach where we have the jump on the Soviets.

Yesterday the frontiers of opportunity lay in the underdeveloped lands beyond the Mississippi. Today they lie in the underdeveloped lands beyond the seas—in Latin America, Asia, the Near East, Africa, and the Far East. Since Tokyo is now within 15 to 20 hours' flying time of San Francisco, perhaps we should begin speaking not of the Far East but rather of the near West.

Here at home we have been able to make unparalleled use of our human and physical resources because we have a sound, well-motivated economic system based on private enterprise. Similarly, the full development of the resources and opportunities of underdeveloped areas overseas depends upon the establishment and maintenance of sound economic systems in those areas. We can best encourage the growth of such systems by bringing more countries into the natural network of spontaneous business relationships through which most of the Free World's commerce and enterprise are carried out. This in turn will require good management of one of our own most important and least recognized resources—our talent for the organization and management of business entities in a free society—so that it can make the most effective and appropriate contribution to the development task.

OUR ECONOMIC SYSTEM ON TRIAL

Our economic system is now on trial in underdeveloped regions which make up the most populous portions of the world. The people of those regions are fully committed to swift economic progress, but they are not yet committed to our way of achieving progress. Their needs and demands would present a vital problem to our system even if the Soviet Union did not exist. But communism does provide an important yardstick against which our system is being measured by a billion or more people in some 60 nations.

For years the U.S. Government has been devoting considerable resources to the task of guiding underdeveloped nations toward the Western form of civilization. It has participated in international programs and has set up programs of its own, including those of the Export-Import Bank, the International Cooperation Administration, and the agency which I head—the Development Loan Fund.

The Development Loan Fund embodies a new approach, a new way of managing U.S. Government resources, in the effort to help bring about an economic breakthrough in the underdeveloped countries. It is an autonomous Government corporation established under the foreign policy guidance of the Secretary of State to make loans for specific projects or programs, public or private, which contribute to the economic development of underdeveloped countries. It is especially designed and empowered to help overcome one problem revealed by post-war experience to be a basic obstacle to economic development. That problem is the need of the developing nations for foreign-exchange financing, coupled with their inability to carry large burdens of hard currency foreign debt. Since the DLF is authorized to accept local-currency repayment, when appropriate, of its dollar loans, it can provide dollar financing without increasing the dollar debt load.

Congress has appropriated \$1,400 million to the Development Loan Fund for lending. The DLF has approved about \$1 billion in credit commitments of various kinds for undertakings in 43 countries. It has under consideration projects which will absorb all the remaining \$400 million capital avail-

ability. President Eisenhower has requested the appropriation of an additional \$700 million in his budget for fiscal year 1961.

U.S. ECONOMIC AID TO 60 COUNTRIES

The U.S. Government's efforts to encourage long-term economic development in lesser developed countries constitute a positive program, which was established well before the Soviets entered the field. It is only in the past 5 years that the Soviets have rendered economic assistance to underdeveloped countries outside their own bloc, and their aid so far extends to 18 nations—the bulk of it to only six nations. By contrast, U.S. economic assistance efforts reach into more than 60 countries. This field of economic development is one in which the Soviets have reacted to our efforts, rather than we to theirs.

But Government programs, essential though they are, are not enough to meet the challenges and trials of these times. They are inadequate, not merely because the Government cannot possibly provide all the resources needed, but mainly because the bulk of the job consists of something that no government can do.

The underdeveloped nations possess no such reservoir of trained administrative and technical talent as we found in Europe during Marshall plan days. In restoring the European economy, it was enough to provide the fruits of our economic system, in the form of plant and equipment to replace that destroyed by war. But the developing nations lack not only modern technology but the economic complex needed to use and sustain it and distribute its products. Therefore we must help them obtain not merely the products of a modern system, but the system itself. Naturally, without prejudice to their own beliefs and ambitions, we are eager to see them progress under a system of economic freedom, for we know by experience that free private enterprise calls forth more of the capabilities of a whole people, and contributes more toward the ultimate aim of human self-fulfillment, than any other kind of system yet devised.

FREE ENTERPRISE CANNOT BE IMPOSED

Such a system can be encouraged but it cannot be imposed. It must be demonstrated by example, and we can encourage its growth best by working with the people we aim to assist. Setting up business relationships with the producers of other lands; bringing them into the network of our system, and sharing its benefits with them; demonstrating the use and value of private property, and helping them to obtain it; establishing a middle propertied class with a personal stake in economic and political freedom—these are the things that count, and they are not things that can be done primarily by governments. They must be done mainly by free private enterprise.

Is it not a mistake to think of development assistance only as foreign aid? Rather, it is economic growth. Economic development creates wealth, trade, and opportunities. When new wealth is created anywhere in the world, we Americans have always received our share of it. Just as, a hundred years ago, the development of our western frontier benefited the developed eastern seaboard, so today the development of less developed nations will benefit us in the United States. Our development programs overseas are American programs for—among other people—Americans.

This concept of growth is peculiarly American. Basically, the Soviets assist other countries in order to attract them into the Soviet political orbit. But basically we assist other countries in order to increase the sum total of prosperity in the world. We have learned by experience that it pays to increase the prosperity of the common man. This is the principle that distinguishes the

American type of civilization from past civilizations, and is the basis of our approach to other nations.

PARTNERSHIP WITH PRIVATE ENTERPRISE

Thus it is clear that with respect to the underdeveloped nations, the interests of private enterprise and of the U.S. Government coincide and complement each other. It follows that they should work closely together in the pursuit of their mutual interest. The achievement of a working partnership with American private enterprise is a major drive of the Development Loan Fund.

Private enterprise needs such a partnership just as the Government does. Excluding investments for oil, in recent years new U.S. private investments in Africa, the Near East, South Asia, and the Far East put together have amounted to about \$60 million a year. A good many American countries have larger budgets than that. Yet American private enterprise has never been known to turn its back on opportunity without good reason. We believe that the Government can help overcome some of the obstacles that have kept American private enterprise from assisting the opening of the vast potential opportunities that exist in the less developed countries.

Your U.S. Government helps finance basic nonprofit facilities such as roads, railroads, harbors, and communications, which form the foundations for private enterprise, both local and American. It encourages and assists local private enterprise, and thus fosters the principle of private enterprise in societies still being formed. With its own development programs, it helps to guide the growth of the developing countries during the period while American private enterprise has not yet extended its network of relationships into those areas.

Now we believe the time is ripe for more direct measures of cooperation. The Development Loan Fund's unique powers enable it to share risks through joint undertakings with U.S. and local private enterprise. We would like U.S. enterprise to undertake an effort in cooperation with us to make the fullest possible use of our assistance.

BUILDING WITH RICE IN KOREA

Some U.S. enterprises have already found the way to our doors. For example, officials of the Tectum Corp., of Columbus, Ohio, which makes a flexible building material out of wood excelsior and chemical binder, discovered that the greatest economic need of Korea is for building material, and furthermore that their process could be modified to use rice straw instead of wood excelsior. With their assistance a Korean firm has been established to manufacture the rice-straw product, and the Development Loan Fund is providing a relatively small loan of \$1,100,000 to procure American-made equipment. We believe this enterprise will grow. When one considers the shortage of lumber and building materials throughout Asia, and the commonness and cheapness of rice straw in the same region, the potentialities of the enterprise appear truly enormous. Here is a case where we have been able to help private American enterprise put over a new idea of great potential economic importance in an underdeveloped area.

DEVELOPING GUATEMALAN COFFEE BAGS

Similarly, we are helping some American researchers and investors join Guatemalan investors in establishing a factory to make coffee bags out of the fibers of the kenaf plant. This enterprise will save Guatemala about \$1 million a year in foreign exchange now spent to import jute bags and will provide a new crop for Guatemalan farmers. We are helping some investors in Detroit set

up a sawmill in Liberia, in connection with Liberian investors. At present Liberia imports lumber, although it has millions of acres of forest. We have helped a firm with joint American and Chinese ownership expand a shipyard on Taiwan. We are helping an American corporation expand and modernize a meatpacking and ranching operation which is Paraguay's largest earner of dollar exchange. I could cite other examples in which the DLF has helped American capital and talent develop creative opportunities in cooperation with the people of other countries.

We want to see this kind of activity carried out on a larger scale and on a more systematic basis. We would like to see American private enterprise deliberately search out opportunities for joint investment in underdeveloped nations, and then consult with us on the best means of establishing productive industries. This has already begun to happen. We are now considering a transaction in which the Development Loan Fund, certain important American corporations and financial interests, and certain local private investors may join resources to finance, construct, and manage a new industry in the multihundred-million-dollar range of magnitude in a country which has been receiving U.S. development aid. Serious discussions are under way toward forming a similar investment combination to operate in a different underdeveloped country. We have opened discussions toward the formation of a third group interested in petrochemical industries in still another developing country. Thus a pattern for partnership is being formed and implemented in specific actions.

WORLD DEVELOPMENT WORKSHOPS

Furthermore, in cooperation with the Department of Commerce, we plan to hold periodic workshops in which representatives of Government agencies and senior corporation officials will take part. Through these seminars and in every other way we can devise, we shall continuously seek to broaden the participation of American free enterprise in the task which confronts us in the developing regions of the world.

We in the Government mean to play our due part in organizing and carrying out our partnership with enterprise. But we do not believe it should be the kind of partnership in which government forms the program and private enterprise supports it. Both free enterprise and government are essential to the success of the endeavor, but fundamentally I believe that overseas, as at home, in the economic field the government should exist to serve enterprise, rather than the other way around. The latter road leads toward statism, which is the opposite of what we are trying to accomplish.

We in the Development Loan Fund are still learning how to make the best use of this new instrument for economic growth. It will be some time before the projects we are assisting can manifest their full effects. Even after the factories are built and turning out products, and the roads and railroads are complete and carrying traffic, the full story will still remain to be told. For our loans are for creative undertakings that can lead to further enterprise. The transportation arteries will open new areas to settlement and development; the communications systems and commercial facilities will stimulate the flow of trade; the factories and industries will give rise to secondary undertakings of many kinds. Not all of our loans are for spectacular monuments of development, but they all will help bring about ever-increasing well-being in the countries in which they are made. They will contribute to our objective of establishing a prosperous citizenry in each underdeveloped country,

who will at once support the continued growth of their own nations, increase the volume and variety of world trade, and form the best possible encouragement of our American way of life among our friends abroad.

This effort merits the finest talent our Nation can put forth. The Soviets are sending their best men into the underdeveloped countries—men capable not only of building and directing projects, but of extending the influence of their system at every opportunity. They must more than meet their match in Americans equally capable of representing and strengthening the system of free private endeavor. We must meet their first team with our first team; and our first team must necessarily include the best talent available in American private enterprise.

The Soviet Government can deploy all the talent of its nation in the service of the state. The United States cannot order its business brains here and there; this would violate our basic principles of freedom. Therefore we must rely on the voluntary efforts of private enterprise—encouraged and supplemented by our Government—to cope with Soviet statism in the pivotal underdeveloped regions. It is up to American firms to come out for the team. Today there are no spectators.

Mr. Chairman, I recently had an exchange of correspondence with Mr. Bryce Harlow of the White House staff concerning reductions in the budget estimates for mutual security appropriations. Because it explains a position I have consistently taken with respect to mutual security, I include that exchange of correspondence at this point in my remarks.

MAY 17, 1960.

The Honorable GEORGE MEADER,
House of Representatives,
Washington, D.C.

DEAR GEORGE: On Saturday last, as he completed preparations for the summit conference in Paris, President Eisenhower requested me to send to you, in his behalf, this note of gratification and appreciation for your support of the mutual security authorization bill. He stressed once again his profound conviction that this program is indispensable to our own and free world defense against Communist imperialism, and indispensable also in encouraging struggling millions in less fortunate nations in their effort to live their lives in freedom. It is a program requiring, he said, unreserved support by all of our informed citizens and officials, and he feels it would be the height of folly to allow isolated administrative shortcomings and disappointments, or local considerations, political or otherwise, to tempt anyone to jettison or cripple the entire undertaking.

Especially the President voiced this hope, and asked that it be communicated to you in his behalf: that your responsible act of support for the mutual security authorization be matched by a determined resistance to any effort to effect massive reductions in the mutual security appropriations soon to be considered by the House. Massive reductions, he pointed out, can be accomplished only by undermining our own security, free world security, and the cause of human freedom everywhere in the world.

The President asked me to explain that he would have advised you himself of these views had his time permitted before leaving for Paris.

With best wishes.

Sincerely,

BRYCE N. HARLOW,
Deputy Assistant to the President.

MAY 25, 1960.

Mr. BRYCE N. HARLOW,
Deputy Assistant to the President,
The White House,
Washington, D.C.

DEAR BRYCE: Thanks for your letter of May 17, conveying the President's views on mutual security.

My study of the foreign aid programs, both as a member of the Subcommittee on Foreign Operations of the House Government Operations Committee and as an individual, has developed a conviction that our foreign aid program should, if it is properly administered, show successive reductions in annual appropriations, as the goal of assisting friendly, foreign countries to achieve economic and political stability is accomplished. In some areas, such as Iran and Laos, excessive spending actually has harmed our program.

It has likewise been my belief that economic stability is best achieved when those we are seeking to assist do their utmost to help themselves—that our aid should simply be an incentive and should not underwrite either unsound and extravagant programs or government owned socialistic economic enterprises.

Accordingly, I am sure the \$4 billion figure requested by the administration can be reduced substantially and not weaken but, on the other hand, improve and strengthen the foreign aid program if smaller sums of money are administered in a more efficient and more businesslike manner. On the other hand, I will not support reckless reductions.

Incidentally, I hope you will support efforts to provide that Congress, its committees, and the General Accounting Office have complete access to information relating to foreign aid expenditures.

It was good to hear from you, and I hope we may have an opportunity to discuss the aid program personally and in greater detail.

Sincerely,

GEORGE MEADER.

MAY 31, 1960.

The Honorable GEORGE MEADER,
House of Representatives,
Washington, D.C.

DEAR GEORGE: I warmly appreciate your frank letter responding to mine about mutual security. I recognize that the judgment factor is large in setting the size of this effort, and certainly I respect your feeling that reductions, though not reckless ones, ought to be made. By the same token, I feel sure you have some feeling of receptivity for the very earnest views held on this matter by the Joint Chiefs unanimously, the Secretaries of State and Defense, and the President as well—none of them inclined to spend excessively or beyond our security needs.

A good visit with you is long overdue anyway. Let's do it very soon. With warm regard,

Sincerely,

BRYCE N. HARLOW,
Deputy Assistant to the President.

The CHAIRMAN. Are there any other amendments?

Mr. PASSMAN. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the

Union, reported that that Committee, having had under consideration the bill (H.R. 12619) making appropriations for mutual security and related agencies for the fiscal year ending June 30, 1961, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. PASSMAN. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. PASSMAN. Mr. Speaker, I ask for a separate vote on the Taber amendment.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The Clerk will report the amendment on which a separate vote has been demanded.

The Clerk read as follows:

Page 2, line 15, strike out "\$1,600,000,000" and insert "\$1,800,000,000".

The SPEAKER. The question is on the amendment.

Mr. PASSMAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 212, nays 173, answered "present" 2, not voting 45, as follows:

[Roll No. 137]

YEAS—212

Addonizio	Dague	Irwin
Andersen, Minn.	Daniels	Jackson
Anderson, Mont.	Delaney	Jarman
Ashley	Dent	Judd
Auchincloss	Derounian	Karsten
Avery	Diggs	Karth
Ayres	Dixon	Kearns
Baker	Dooley	Kelly
Baldwin	Dorn, N.Y.	Kilburn
Barrett	Doyle	Kilday
Barry	Dwyer	Kluczynski
Bates	Elliott, Pa.	Kyl
Baumhart	Fallon	Lafore
Becker	Farbstein	Laird
Beckworth	Fascell	Langen
Berry	Feighan	Lankford
Boggs	Fenton	Latta
Boland	Fino	Lesinski
Bolling	Flood	Libonati
Bolton	Fogarty	Lindsay
Bosch	Foley	Lipscomb
Bowles	Forand	McDonough
Brademas	Ford	McDowell
Brewster	Frelinghuysen	McFall
Broomfield	Friedel	McIntire
Broyhill	Fulton	Machrowicz
Burke, Ky.	Gallagher	Madden
Burke, Mass.	Gavin	Magnuson
Byrne, Pa.	Gialmo	Mailliard
Byrnes, Wis.	Gilbert	Martin
Cahill	Glenn	May
Canfield	Goodell	Metcalf
Cederberg	Granahan	Miller
Chamberlain	Green, Pa.	George P. Miller, N.Y.
Chenoweth	Griffin	Milliken
Chipersfield	Griffiths	Minshall
Church	Gubser	Mitchell
Coad	Halpern	Monagan
Coffin	Healey	Moorhead
Cohelan	Hébert	Morgan
Conte	Hess	Moss
Cook	Hiestand	Multer
Corbett	Hoeven	Mumma
Cramer	Holland	Murphy
Curtin	Holt	Nelsen
Curtis, Mass.	Holtzman	Nix
Curtis, Mo.	Horan	O'Brien, Ill.
Daddario	Hosmer	O'Brien, N.Y.
	Inouye	O'Hara, Ill.

O'Hara, Mich.	Rodino	Thompson, N.J.
Oliver	Rogers, Colo.	Thompson, Tex.
Osners	Rogers, Mass.	Thomson, Wyo.
Ostertag	Rooney	Thornberry
Pelly	Roosevelt	Toll
Perkins	Rostenkowski	Tollson
Pillion	St. George	Vanik
Pirnie	Santangelo	Van Pelt
Poff	Saund	Van Zandt
Price	Schenck	Vinson
Prokop	Schneebeli	Wallhauser
Pucinski	Schwengel	Walter
Quie	Simpson	Weis
Quigley	Sisk	Westland
Ray	Smith, Iowa	Wharton
Reece, Tenn.	Smith, Miss.	Wildnall
Rees, Kans.	Springer	Wolf
Rhodes, Ariz.	Stratton	Yates
Rhodes, Pa.	Sullivan	Younger
Riehlman	Taber	Zablocki
Rivers, Alaska	Teague, Calif.	Zelenko
Robison	Teller	

NAYS—173

Abbott	Frazier	Moore
Abernethy	Garmatz	Morris, N. Mex.
Adair	Gary	Murray
Albert	Gathings	Natcher
Alexander	George	Norblad
Alford	Grant	Norrell
Alger	Gray	Passman
Allen	Green, Oreg.	Pfost
Andrews	Gross	Philbin
Ashmore	Hagen	Pilcher
Aspinall	Haley	Poage
Bailey	Hardy	Porter
Baring	Hargis	Powell
Barr	Harmon	Preston
Bass, Tenn.	Harris	Rabaut
Belcher	Harrison	Rains
Bennett, Fla.	Hays	Reuss
Bennett, Mich.	Hechler	Riley
Betts	Hemphill	Rivers, S.C.
Blatnik	Henderson	Roberts
Bonner	Herlong	Rogers, Fla.
Bray	Hoffman, Ill.	Rogers, Tex.
Breeding	Hogan	Roush
Brock	Huddleston	Rutherford
Brooks, La.	Jennings	Saylor
Brooks, Tex.	Jensen	Scherer
Brown, Ga.	Johansen	Scott
Brown, Ohio	Johnson, Calif.	Selden
Budge	Johnson, Md.	Short
Burleson	Johnson, Wis.	Sikes
Cannon	Jonas	Siler
Casey	Jones, Ala.	Slack
Chelf	Jones, Mo.	Smith, Calif.
Clark	Kastenmeier	Smith, Kans.
Collier	Kee	Smith, Va.
Colmer	Kilgore	Spence
Cooley	King, Utah	Staggers
Cunningham	Knox	Steed
Davis, Ga.	Landrum	Stubblefield
Davis, Tenn.	Lane	Teague, Tex.
Dawson	Lennon	Thomas
Derwinski	Levering	Trimble
Devine	McCulloch	Tuck
Dingell	McGinley	Udall
Donohue	McMillan	Ullman
Dorn, S.C.	McSweeney	Utt
Dowdy	Macdonald	Wampler
Downing	Mack	Watts
Dulski	Mahon	Weaver
Edmondson	Marshall	Whitener
Elliot, Ala.	Mason	Whitten
Everett	Matthews	Wier
Evins	Meader	Williams
Fisher	Michel	Winstead
Flynn	Miller, Clem	Wright
Flynt	Mills	Young
Forrester	Moeller	
Fountain	Montoya	

NOT VOTING—45

Anfuso	Hollifield	Meyer
Arends	Hull	Morris, Okla.
Barden	Ikard	Morrison
Bass, N.H.	Johnson, Colo.	Moulder
Bentley	Kasem	O'Neill
Blitch	Keith	Randall
Bow	Keogh	Shelley
Boykin	King, Calif.	Sheppard
Brown, Mo.	Kirwan	Shipley
Buckley	Kitchen	Taylor
Burdick	Kowalski	Thompson, La.
Carnahan	Loser	Wainwright
Celler	McCormack	Willis
Denton	McGovern	Wilson
Durham	Morrow	Withrow

PRESENT—2

Hoffman, Mich. O'Konski
So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Taylor for, with Mr. Shipley against.
Mr. Celler for, with Mr. Moulder against.
Mr. Loser for, with Mr. Hull against.
Mr. McGovern for, with Mr. Brown of Missouri against.
Mr. Keogh for, with Mr. Kitchin against.
Mr. King of California for, with Mr. Willis against.
Mr. Shelley for, with Mrs. Blitch against.
Mr. Buckley for, with Mr. Barden against.
Mr. Hollifield for, with Mr. Kowalski against.
Mr. O'Neil for, with Mr. Thompson of Louisiana against.
Mr. Morrison for, with Mr. Kirwan against.
Mr. Anfuso for, with Mr. Sheppard against.
Mr. Ikard for, with Mr. Kowalski against.
Mr. Arends for, with Mr. O'Konski against.
Mr. Bow for, with Mr. Denton against.
Mr. Bentley for, with Mr. Hoffman of Michigan against.

Until further notice:

Mr. Johnson of Colorado with Mr. Wainwright.
Mr. Burdick with Mr. Merrow.
Mr. Carnahan with Mr. Keith.
Mr. Durham with Mr. Bass of New Hampshire.
Mr. Boykin with Mr. Wilson.
Mr. Morris of Oklahoma with Mr. Withrow.

Mr. HOFFMAN of Michigan. Mr. Speaker, I have a live pair with the gentleman from Michigan [Mr. BENTLEY]. I voted "nay." Had he been present he would have voted "yea." I withdraw my vote, and vote "present."

Mr. O'KONSKI. Mr. Speaker, I have a live pair with the gentleman from Illinois [Mr. ARENDS]. If present, he would have voted "yea." I voted "nay." Therefore I withdraw my vote and vote "present."

Mr. DENT and Mr. WOLF changed their vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mr. ANDERSEN of Minnesota. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. ANDERSEN of Minnesota. Mr. Speaker, it is entirely too liberal in non-defense items, and I am therefore opposed to the bill.

The SPEAKER. The gentleman qualifies.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. ANDERSEN of Minnesota moves to recommit the bill H.R. 12619 to the Committee on Appropriations.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. GROSS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas, 257, nays 124, answered "present" 3, not voting 46, as follows:

[Roll No. 138]

YEAS—257

Addonizio	Fulton	Multer
Albert	Gallagher	Mumma
Anderson,	Garmatz	Murphy
Mont.	Gary	Natcher
Ashley	George	Nelsen
Aspinall	Glaimo	Nix
Auchincloss	Gilbert	Norblad
Avery	Glenn	O'Brien, Ill.
Ayres	Goodell	O'Brien, N.Y.
Baker	Granahan	O'Hara, Ill.
Baldwin	Green, Oreg.	O'Hara, Mich.
Barrett	Green, Pa.	Oliver
Barry	Griffin	Osmer
Bates	Griffiths	Ostertag
Baumhart	Gubser	Passman
Becker	Hagen	Pelly
Beckworth	Halleck	Perkins
Bennett, Fla.	Halpern	Philbin
Blatnik	Hardy	Pillion
Boggs	Hays	Pirnie
Boland	Healey	Porter
Bolling	Hébert	Powell
Bolton	Herlong	Price
Bowles	Hess	Prokop
Brademas	Hiestand	Pucinski
Breeding	Hoeven	Quile
Brewster	Holland	Quigley
Broomfield	Holt	Rabaut
Broyhill	Holtzman	Rains
Burke, Ky.	Horan	Ray
Burke, Mass.	Hosmer	Rees, Kans.
Byrne, Pa.	Huddleston	Reuss
Byrnes, Wis.	Inouye	Rhodes, Ariz.
Cahill	Irwin	Rhodes, Pa.
Canfield	Jackson	Riehlman
Chamberlain	Jarman	Rivers, Alaska
Chelf	Johnson, Calif.	Roberts
Chenoweth	Johnson, Md.	Robison
Chiperfield	Johnson, Wis.	Rodino
Clark	Jones, Ala.	Rogers, Colo.
Coad	Jones, Mo.	Rogers, Mass.
Coffin	Judd	Rooney
Cohelan	Karsten	Roosevelt
Conte	Karth	Rostenkowski
Cook	Kastenmeier	Santangelo
Cooley	Kearns	St. George
Corbett	Kee	Saund
Cramer	Kelly	Schneck
Curtin	Kilburn	Schneebell
Curtis, Mass.	Kilday	Schwengel
Curtis, Mo.	King, Utah	Selden
Daddario	Kyl	Sisk
Dague	Lafore	Slack
Daniels	Laird	Smith, Iowa
Davis, Tenn.	Lane	Smith, Miss.
Dawson	Langen	Spence
Delaney	Lankford	Springer
Derounian	Lesinski	Staggers
Diggs	Libonati	Stratton
Dingell	Lindsay	Stubblefield
Dixon	McDonough	Sullivan
Donohue	McDowell	Taber
Doolley	McFall	Teague, Calif.
Dorn, N.Y.	Macdonald	Teller
Downing	Machrowicz	Thompson, N.J.
Doyle	Madden	Thornberry
Duiski	Magnuson	Toll
Dwyer	Mahon	Tollefson
Edmondson	Mailliard	Trimble
Elliott, Ala.	Marshall	Udall
Elliott, Pa.	Martin	Ullman
Evins	Matthews	Vanik
Fallon	May	Van Zandt
Farbstein	Meador	Vinson
Fascell	Metcalf	Wallhauser
Feighan	Miller, Clem	Walter
Fenton	Miller,	Watts
Fino	George P.	Weis
Flood	Miller, N.Y.	Westland
Flynn	Milliken	Widnall
Fogarty	Mills	Wier
Foley	Mitchell	Wolf
Forand	Monagan	Wright
Ford	Montoya	Yates
Frazier	Moorhead	Younger
Frelinghuysen	Morgan	Zablocki
Friedel	Moss	Zelenko

NAYS—124

Abbt	Andrews	Betts
Abernethy	Ashmore	Bonner
Adair	Bailey	Bosch
Alexander	Baring	Bray
Alford	Barr	Brook
Alger	Bass, Tenn.	Brooks, La.
Allen	Belcher	Brooks, Tex.
Andersen,	Bennett, Mich.	Brown, Ga.
Minn.	Berry	Brown, Ohio

Budge	Hogan	Riley
Burleson	Jennings	Rivers, S. C.
Cannon	Jensen	Rogers, Fla.
Casey	Johansen	Rogers, Tex.
Church	Jonas	Roush
Collier	Kilgore	Rutherford
Colmer	Knox	Saylor
Cunningham	Landrum	Scherer
Davis, Ga.	Latta	Scott
Dent	Lennon	Short
Derwinski	Levering	Sikes
Devine	Lipscomb	Siler
Dorn, S.C.	McCulloch	Simpson
Dowdy	McGinley	Smith, Calif.
Everett	McIntire	Smith, Kans.
Fisher	McMillan	Smith, Va.
Flynt	McSweeney	Steed
Forrester	Mack	Teague, Tex.
Foundation	Mason	Thomas
Gathings	Michel	Thompson, Tex.
Gavin	Minshall	Thomson, Wyo.
Grant	Moeller	Tuck
Gray	Moore	Utt
Gross	Morris, N. Mex.	Van Pelt
Haley	Murray	Wampler
Hargis	Norrell	Weaver
Harmon	Patman	Wharton
Harris	Pfost	Whitener
Harrison	Pilcher	Whitten
Hechler	Poage	Williams
Hemphill	Poff	Winstead
Henderson	Preston	Young
Hoffman, Ill.	Reece, Tenn.	

NOT VOTING—46

Anfuso	Hull	Morris, Okla.
Arends	Ikard	Morrison
Barden	Johnson, Colo.	Moulder
Bass, N.H.	Kasem	O'Neill
Bentley	Keith	Randall
Blitch	Keogh	Shelley
Bow	King, Calif.	Sheppard
Boykin	Kirwan	Shipley
Brown, Mo.	Kitchin	Taylor
Buckley	Kluczynski	Thompson, La.
Burdick	Kowalski	Wainwright
Carnahan	Loser	Willis
Celler	McCormack	Wilson
Denton	McGovern	Withrow
Durham	Merrow	
Hollifield	Meyer	

PRESENT—3

Cederberg Hoffman, Mich. O'Konski

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Celler for, with Mr. Shipley against.
Mr. McCormack for, with Mr. Moulder against.
Mr. Buckley for, with Mr. Hull against.
Mr. Kirwan for, with Mr. Brown of Missouri against.
Mr. Keogh for, with Mr. Kitchin against.
Mr. Sheppard for, with Mr. Willis against.
Mr. King of California for, with Mrs. Blitch against.
Mr. Anfuso for, with Mr. Barden against.
Mr. Ikard for, with Mr. Meyer against.
Mr. O'Neill for, with Mr. Thompson of Louisiana against.
Mr. Arends for, with Mr. O'Konski against.
Mr. Wainwright for, with Mr. Cederberg against.
Mr. Denton for, with Mr. Bow against.
Mr. Bentley for, with Mr. Hoffman of Michigan against.
Mr. Shelley for, with Mr. Morris of Oklahoma against.

Until further notice:

Mr. Durham with Mr. Bass of New Hampshire.
Mr. Hollifield with Mr. Taylor.
Mr. Morrison with Mr. Keith.
Mr. Burdick with Mr. Merrow.
Mr. Kowalski with Mr. Wilson.
Mr. Kluczynski with Mr. Withrow.
Mr. Loser with Mr. Randall.

Mr. HOFFMAN of Michigan. Mr. Speaker, I have a live pair with the gentleman from Michigan [Mr. BENTLEY], who had he been present would have

voted "yea." I therefore withdraw my vote of "nay" and vote "present."

Mr. CEDERBERG. Mr. Speaker, I have a live pair with the gentleman from New York [Mr. WAINWRIGHT], who had he been present would have voted "yea." I therefore withdraw my vote of "nay" and vote "present."

Mr. O'KONSKI. Mr. Speaker, I have a live pair with the gentleman from Illinois [Mr. ARENDS], who had he been present would have voted "yea." I therefore withdraw my vote of "nay" and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. PASSMAN. Mr. Chairman, I ask unanimous consent that all Members who spoke on the bill just passed may have permission to revise and extend their remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Gown, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 9883. An act to adjust the rates of basic compensation of certain officers and employees of the Federal Government, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 5888) entitled "An act to authorize the Secretary of the Navy to transfer to the Massachusetts Port Authority, an instrumentality of the Commonwealth of Massachusetts, certain lands and improvements thereon comprising a portion of the so-called E Street Annex, South Boston Annex, Boston Naval Shipyard, in South Boston, Massachusetts, in exchange for certain other lands," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. RUSSELL, Mr. STENNIS, Mr. JACKSON, Mr. SALTONSTALL, and Mr. CASE of South Dakota to be the conferees on the part of the Senate.

AMENDING AGRICULTURAL ADJUSTMENT ACT OF 1938

Mr. THORNBERRY, from the Committee on Rules, reported the following privileged resolution (H. Res. 564, Rept.

No. 1918), which was referred to the House Calendar and ordered printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12261) to amend the Agricultural Adjustment Act of 1938, as amended, and the Agricultural Act of 1949, as amended, with respect to market adjustment and price support programs for wheat and feed grains, to provide a high-protein food distribution program, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

HEARINGS ON BILL TO HELP SMALL BUSINESS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter, and immediately after my remarks to include a statement by the gentleman from California [Mr. McFALL] before the committee.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, yesterday, Thursday, June 16, 1960, on the 24th anniversary of the approval of the Robinson-Patman Act by the Congress, a subcommittee of the House Interstate and Foreign Commerce Committee held hearings on bills to help small business by preventing certain discriminatory prices and sales at prices below cost. These bills have been introduced by myself and more than 25 other Members of the House.

During the course of the hearings, I and other sponsors of this proposed legislation testified and presented information about the need for this proposed legislation. I should like at this time to revise and extend my remarks by including a copy of a part of the statement I presented during the course of my testimony.

(The statement is as follows:)

STATEMENT BY HON. WRIGHT PATMAN BEFORE THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE, HOUSE OF REPRESENTATIVES, WASHINGTON, D.C., JUNE 16, 1960, ON H.R. 10235, A BILL TO HELP SMALL BUSINESS BY PREVENTING BELOW-COST SALES

H.R. 10235 was introduced February 8, 1960, to provide an amendment to the Federal Trade Commission Act, and, therefore, was referred to the Committee on Interstate and Foreign Commerce for consideration.

OBJECTIVES OF THE BILL

The objectives of the bill are to prohibit by Federal law certain discriminations in price and sales at unreasonably low prices, including those at levels below cost.

These objectives would be accomplished by adding a section to the FTC Act and including in that section the provisions now appearing in section 3 of the Robinson-Patman Act (Public, No. 692, 74th Cong.; U.S.C., title 15, sec. 13a). Under the terms of the bill, some additional language is added to those provisions. It should be noted that the provisions of section 3 of the Robinson-Patman Act constitute a part of the Federal criminal laws. These provisions, when carried over and added to the FTC Act by amendment, do not carry with them the criminal penalties. Instead, they simply would provide for injunctive relief and the right of those injured to sue for treble damages in civil proceedings. Of course, the Federal Trade Commission would be empowered to stop the practices made unlawful by the provisions of this bill.

MANY HOUSE MEMBERS HAVE EXPRESSED INTEREST IN THE BILL

Following the introduction of H.R. 10235, and prior to June 10, 1960, 22 House Members introduced identical bills. Also, a companion bill has been introduced in the Senate. This widespread interest in these legislative proposals stems from the fact that large firms doing a nationwide business have been shown to engage in the practice of selling goods, wares and merchandise at prices below cost in one area and then in another area for short periods of time with the effect of eliminating competition. Information about the use of such practices has been made available to Members of the House. Representatives of small business firms are telling their representatives in Congress about these matters and appealing to them for helpful legislation on the subject.

REASON FOR THE BILL: PRACTICE OF SALES BELOW COST

The practice of making sales at prices below cost was dramatically brought to light during the course of the hearings before the Special Subcommittee on Small Business Problems in the Dairy Industry, under the chairmanship of Hon. TOM STEED, and in hearings before Subcommittee No. 5 on Small Business Problems in the Food Industry, under the chairmanship of Hon. JAMES ROOSEVELT. It will be recalled that during these hearings one witness after another, as officials of big business firms, admitted using the great resources of their companies in making sales at prices below cost to the detriment of small business.

The practice continues unabated with devastating effects. Subsequent to the conclusion of the hearings before the House Small Business Committee's Special Committee on Dairy Problems, we received information that the large firms are continuing to make sales at prices below cost to eliminate small business firms. On May 14, 1960, a representative of small business complained to Members of the House that the National Dairy Products Corp. (Sealtest) was selling dairy products in Kentucky at unreasonably low prices, and, in that connection, stated:

"The unreasonably low price at which these products are being sold would seem to be for the sole purpose of destroying competition, especially independent dairies such as ourselves. This can be very easily done by a large national concern such as Sealtest who operate in many different geographical localities and are able to finance and subsidize a price war against small dairies who sell in competition. . . ."

"By using these unfair competitive practices they would in effect force us out of business within 30 to 60 days. Therefore, the urgency for action is of the utmost importance. We ask that you help us eliminate these unfair practices as quickly as possible by contacting Senator LYNDON JOHNSON of Texas and asking him to supply this information to Congressman WRIGHT PATMAN."

These charges by representatives of small firms are similar to complaints received from representatives of other small firms doing business in other parts of the country. In some of the areas where the nationwide distributors have gained monopoly control of prices, the public is paying higher prices than those which prevailed before competition was eliminated. Therefore, it should be emphasized that the proposals we are making for legislation have as their principal objective the maintenance of competition. Only through preservation of competition can the public be assured of the low prices provided through competition. Prices representing sales made temporarily at levels below cost provide the public only with temporary advantages. These advantages are paid for by other members of the public at the same time or by the same members of the public at other times. It is for that and the other reasons we are discussing that we favor legislation which would prohibit sales at prices below cost. We are against that monopolistic practice, because it leads to monopoly controlled prices at high levels. In other words, by fighting for legislation which would prohibit sales at prices below cost, we are fighting against high prices as the inevitable result of monopoly control.

Only a few months ago, the Supreme Court unanimously upheld as constitutional a State law prohibiting sales below cost and noted that one of the chief aims of such law is to put an end to "loss leader" selling—*Safeway Stores, Inc. v. Oklahoma Retail Grocers Association, Inc., et al.* (360 U.S. 334). In doing that the Court stated that—

"The selling of selected goods at a loss in order to lure customers into the store is deemed not only a destructive means of competition; it also plays on the gullibility of customers by leading them to expect what generally is not true, that a store which offers such an amazing bargain is full of other such bargains."

This thought about the use of loss leaders in preying on the gullibility of customers by leading them to expect what is generally not true, that is, that a store that offers such an amazing bargain is full of other such bargains, is not one simply based on theory. Not only logic, but also the history of human experience fully supports the thought. If that should not be taken to abundantly support the thought expressed by the Supreme Court to the effect that loss leader selling is an advertising gimmick, then we only need to turn to the words of one who has engaged in loss leader selling for further evidence. Not long ago the Committee on the Judiciary in the course of hearings regarding monopoly power heard a witness who had engaged in loss leader selling. In the course of the testimony and with reference to that practice, he stated:

"What cheaper method of advertising is there if I advertise a commodity that cost me a dime for 5 cents and that customer comes into my store. And my only hope is * * * he will buy something else from me."

The advertising characteristics and any misleading and deceptive effects incident thereto are not necessarily the worst aspects of making sales at prices below cost. Its deadly effect upon small and independent competitors of the loss-leader selling is one of its most dangerous characteristics.

SMALL BUSINESS DENIED RIGHT TO PROCEED UNDER EXISTING LAW

The Supreme Court of the United States on January 20, 1958, by a 5-to-4 decision held that section 3 of the Robinson-Patman Act is not a part of the Federal antitrust laws, and, therefore, is not available for proceedings by persons injured as a result of things forbidden by the antitrust laws. The Court so held in the cases of *Nashville Milk Company v. Carnation Company* and *Safeway*

Stores, Inc. v. Vance (355 U.S. 373 and 389). The ruling by the Court in these cases means that under existing law small and independent business concerns are not permitted to use section 3 of the Robinson-Patman Act in proceedings against unlawful selling at unreasonable low prices—even at prices below cost—and even though those practices result in the creation of monopoly.

Section 3 of the Robinson-Patman Act, as approved June 19, 1936, was authored by Senators Borah and Van Nuys. It became an amendment to the bills introduced by me and Senator Robinson. I did not discuss with Senators Borah and Van Nuys whether it was their intention to have their amendment apply as an amendment to the Federal antitrust laws. However, I have made it clear on more than one occasion that the definition of antitrust laws as set forth in section 1 of the Clayton Act, should be amended so that there would be no question about section 3 of the Robinson-Patman Act being embraced as a part of the antitrust laws. Indeed, on January 23, 1958, 3 days following the 5-to-4 decision by the Supreme Court in the cases to which I have referred, I introduced H.R. 10243 (85th Cong.) to accomplish that objective. On the same day, Senator SPARKMAN, chairman, Select Committee on Small Business, U.S. Senate, introduced a companion bill. These bills were referred to the Committees on the Judiciary, as are all proposed amendments to the antitrust laws. However, no action was taken. Therefore, at the opening of the 86th Congress, we reintroduced bills for the same purpose. In the House, my bill is H.R. 212. The Judiciary Committee has not considered it.

In the meantime, practices of selling at prices below cost, as I have explained, are continuing unabated. They appear to be in violation of section 3 of the Robinson-Patman Act.

Senator Borah made clear that his purpose in offering the amendment to the Robinson-Patman Act, which became section 3 thereof, was to inhibit conduct as a matter of law "without the intervention of the discretionary power of the Federal Trade Commission or other bureau." He said, "That, it seems to us, should be prohibited as a matter of law and that there need not be any discretion laid anywhere with reference to the execution of that kind of law." Despite the care that was taken in providing for that clear purpose, the Department of Justice—the agency charged with the responsibility for the enforcement of that provision of the law—has done little to enforce it. Now the Supreme Court has informed us that small business firms victimized through violations of that section of the law are not entitled to act in civil litigation to enforce it.

It is common knowledge that the Department of Justice in the past has not enforced and has had little sympathy for section 3 of the Robinson-Patman Act as a criminal law against predatory pricing practices.

Indeed, the group who formulated the majority review for the report of the Attorney General's Committee To Study the Antitrust Laws in 1955, approved the failure of the Department of Justice to enforce section 3 of the Robinson-Patman Act. In that connection, it was argued that:

"Although Congress authorized the Department of Justice and local U.S. attorneys to enforce section 3, public enforcement organs have largely forsaken this law. * * *

"The Government's reluctance to enforce section 3 has relegated its enforcement to private treble damage litigants."

Thus it is clear that section 3 of the Robinson-Patman Act on the one hand, stands unenforced by the only Government agency with the authority to enforce it, and, on the other hand, now has been made otherwise unenforceable. Even those victimized through violations of that section of the law

are denied the right to proceed under it for redress.

EXISTING LAW IS INADEQUATE

At the Federal level, what can be expected under existing provisions of other laws to protect small business firms from the ravages and the devastation visited upon them as a result of these predatory practices of large, multiple-market operators in selecting first one area and then another in which to sell at prices below cost until all competition in each of such areas is eliminated? One time there was hope that section 5 of the Federal Trade Commission Act could be relied upon for help in that respect. However, largely because a Federal court in 1919 (see the case of *Sears Roebuck & Co. v. Federal Trade Commission* (258 Fed. 307)) held that section 5 of the Federal Trade Commission Act was not applicable to sales at prices below cost, the Federal Trade Commission since that time has been reluctant to attack the practice unless it was shown to be coupled with a showing of intent to destroy competition. In other words, the Commission now considers that in applying that law to the practice we are discussing requires a standard of proof equivalent to the showing of criminal intent to destroy competition. The Commission and the Department of Justice do not consider that under the existing law they are authorized and empowered to proceed against the practice of selling at prices below cost simply upon the showing that the effects and results are the substantial lessening of competition and tendency to create monopoly.

STATES HAVE TRIED TO DEAL WITH PROBLEM

Many of the States have enacted legislation to combat this practice of selling at prices below cost. The courts have upheld the State laws, but due to the fact that the law of any State does not reach beyond the State line, it can have no application to transactions in interstate commerce. The need for Federal legislation on the subject to fill this void is apparent.

This does not mean that a majority of our States have not tried to do their best to meet this problem. More than 30 of the States have laws on this subject. The statutes in only two or three States have been found to contain defects sufficiently for the courts to hold them invalid. Those in the other States which have been upheld have been applied in a number of instances. Officials of the States understand the need for effective action to meet this problem. For example, the legislature of the State of Louisiana, in its action on a statute against sales at prices below cost, in 1958, stated:

"Whereas it is the intent of the legislature to prevent the economic destruction of many dairy farmers, dairy plants, ice cream dealers and resale merchants as a result of discriminatory trade practices by certain business organizations financially strong enough to sell below their own costs for an extended period of time, which presents a situation detrimental to the health, welfare, and economy of the people of this State."

The Legislature of Oklahoma, in passing a similar statute, included the following statement:

"Legislative intent: The practice being conducted by many dairy processing, wholesaling, and distributing plants in Oklahoma, in the subsidization of retail dealers, through secret discounts, and the furnishing of equipment is forcing numerous dairy plants out of business, and is a practice which adversely affects the stable economy of Oklahoma. Such practice tends to reduce the price paid to the dairy producer, increase the price paid by the consumer, and is detrimental to welfare of the State."

Early this year, the Supreme Court of the State of Colorado rejected the contention that the Colorado law prohibiting sales at prices below cost was unconstitutional. It

held that the terms "cost" and "cost of doing business," are not so indefinite and uncertain within the meaning of the appropriate rule as to provide no basis for the adjudication of rights.

On April 14, 1960, in a release from the office of Governor Foster Furcolo, State House, Boston, Mass., with reference to a decision made at that time by the Supreme Judicial Court of Massachusetts, questioning and invalidating the powers of the Massachusetts Milk Control Commission to absolutely "fix" the prices at which dairy products are to be sold, made the following statement:

"The question of the milk control commission's powers has been somewhat clarified, but we cannot sit by and see ruinous price wars destroy the milk dealers, if such price wars are caused by unethical sales below cost. Such price wars inevitably result in monopolies and exorbitant prices to consumers. This has been well established by the Congressional Small Business Subcommittee. We have always maintained that the proper way to end price wars is by proper law enforcement."

Wisconsin's State Attorney General, John W. Reynolds, in referring to criminal actions brought by his State under its own law against three large multiunit dairy processors, commented as follows:

"There are many who feel that unless the illegal practices of some multiunit dairies can be stopped, most, if not all, of the independent dairies in Wisconsin will eventually be forced to sell out.

"Communities which lose their independent dairies end up paying higher prices for milk. Jobs are lost, taxes are lost and the right and power to make decisions which affect the welfare of that community are transferred to the distant centers where the capital of that industry is controlled."

Thus, we are informed by responsible officials who are members of legislatures, the chief legal officers, and high executives of our State governments, that legislation against the practice of selling at prices below cost is in the public interest. They point out that legislation preventing sales at prices below cost can serve producers, small business firms, and consumers through the preservation of our private competitive enterprise system. The House Small Business Committee on July 27, 1959, in House Report No. 714 (85th Cong.), recommended early consideration by the appropriate legislative committees of the Congress of proposals which would, among other things, prohibit price discriminations having the effect of substantially lessening competition or tending to create a monopoly and provide a process under the Federal Trade Commission Act for temporary injunctive relief, pending issuance of final orders in litigated cases. H.R. 10235 and H.R. 8941 before you for consideration, would accomplish what was thus recommended for your consideration.

With this background statement of the reasons for, and the objectives sought by H.R. 10235, I now turn to a discussion of the provisions of the bill.

PROVISIONS OF THE BILL ANALYZED

As stated earlier, the provisions of H.R. 10235 incorporate the provisions now appearing in section 3 of the Robinson-Patman Act. The language of that section of the law is quoted as follows:

"Sec. 3. It shall be unlawful for any person engaged in commerce, in the course of such commerce, to be a party to, or assist in, any transaction of sale, or contract to sell, which discriminates to his knowledge against competitors of the purchaser, in that, any discount, rebate, allowance, or advertising service charge is granted to the purchaser over and above any discount rebate allowance or advertising service charge available at any time of such transaction to

said competitors in respect of a sale of goods of like grade, quality, and quantity; to sell, or contract to sell, goods in any part of the United States at prices lower than those exacted by said person elsewhere in the United States for the purpose of destroying competition, or eliminating a competitor in such part of the United States; or, to sell, or contract to sell, goods at unreasonably low prices for the purpose of destroying competition or eliminating a competitor.

"Any person violating any of the provisions of this section shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned not more than one year, or both."

As noted earlier, that is a part of the Federal criminal law. Only the Attorney General of the United States, acting through the various U.S. attorneys, is privileged to proceed under that section of the law.

Section 5 of the Federal Trade Commission Act makes unlawful unfair methods of competition and unfair and deceptive acts and practices in commerce. We have previously discussed that the Federal Trade Commission is reluctant to apply this section of the law to sales at prices below cost, even though they did substantially lessen competition, unless it is shown that the sales were made for the purpose of destroying competition.

H.R. 10235 would amend the Federal Trade Commission Act by adding a new section 18 thereto. It would include in that new section all of the provisions now appearing in section 3 of the Robinson-Patman Act which as a Federal criminal law can be applied to prices that are unreasonably low when they are shown to be for the purpose of destroying competition. These provisions, when added to the Federal Trade Commission Act by amendment, do not carry with them the criminal penalties provided for in section 3 of the Robinson-Patman Act. Therefore, additional language is added, which would make the practice of discriminating in prices and selling at unreasonably low prices, a violation of this proposed new Federal civil law, without the necessity of showing that the practices are carried on for the purpose of destroying competition. The Federal Trade Commission would need to show that the practices would have the effect of substantially lessening competition or of injuring, destroying or preventing competition. In other words, the standards of proof of violation would require only the showing of the deleterious effects and results, although it would remain a violation of the law for these practices to be carried on for the purpose of destroying competition.

Also, it should be pointed out that there has been included in the language of H.R. 10235 the words "in or affecting commerce." By including this language, the acts and practices made unlawful would become so when they are shown that they would have the effect of lessening competition or tending to create a monopoly in interstate commerce, although the act of making the sales or carrying on the practice would not have to be "in commerce." This is necessary if we are to have an effective prohibition against the monopolistic practices of large nationwide sellers who operate in many States, but from plants located in each of these States. In many instances, the transactions of such concerns are carried on through the making of purchases and sales on behalf of each of such companies wholly within the boundaries of each of the States. Therefore, these large nationwide concerns are arguing that they are not engaged in interstate commerce and cannot be said to be "in commerce" as that term is defined in the Federal Trade Commission Act. We have included in H.R. 10235 the language of "in or affecting commerce." By so doing we feel that we have provided for the Federal Trade Commission to have jurisdiction over prac-

tices violative of this new section 18, proposed by H.R. 10235, equivalent to the jurisdictional commerce feature of the Sherman Antitrust Act. As you know, the Department of Justice may proceed under that law against combinations and monopolies in restraint of trade, which need not be shown to be "in commerce." It is enough if they are shown to adversely "affect commerce."

Lines 13-15 of page 2 of the bill contain language not appearing in the language of section 3 of the Robinson-Patman Act. This added language would prohibit discriminatory pricing practices by these large concerns doing business in many areas and where the discriminatory pricing practices reflect the charging of higher prices in some areas and lower prices in others and where the effect of such pricing practices "have a dangerous tendency unduly to hinder competition or create a monopoly in any section of the country." The language just presented embraced in the quotation marks is the language from lines 13-15 of page 2 of the bill. That does not now appear in section 3 of the Robinson-Patman Act. However, this language is not new in the law. It has been recognized as involved in Federal regulation of commerce for a long time. Since 1914, it has been illegal for any person, partnership, or corporation to engage in any practice or method of competition having "a dangerous tendency to unduly hinder competition or create monopoly." Reference is made to the Federal Trade Commission Act, which became law September 26, 1914, and which since then has made unlawful unfair methods of competition in commerce. That law was interpreted by the Supreme Court of the United States as early as 1920 to prohibit methods of competition having a dangerous tendency to unduly hinder competition or create monopoly (*Federal Trade Commission v. Gratz* (253 U.S. 421, decided June 7, 1920) and *Federal Trade Commission v. Beech-Nut Packing Co.* (257 U.S. 441, decided January 3, 1922)). In the *Beech-Nut* case the Court stated:

"If the Beech-Nut system of merchandising is against public policy because of its dangerous tendency unduly to hinder competition or create monopoly, it was within the power of the Commission to make an order forbidding its continuance."

This power and authority thus entrusted to the Commission by the Congress has been used rarely. In recent years it has been used not at all.

The prohibitions set forth in lines 20-25, page 2, and lines 1-3, page 3, are patterned from the language appearing in the final substantive provision of section 3 of the Robinson-Patman Act. That provision prohibits the sale of goods at "unreasonably low prices." The difference in the language appearing in section 3 of the Robinson-Patman Act and that appearing in the bill is the fact that the language in section 3 of the Robinson-Patman Act is limited to those situations where the "unreasonably low prices" are shown to have been "for the purpose of destroying competition or eliminating a competitor," whereas the language in the bill would not require the showing that the sales made at "unreasonably low prices" were for the purposes of destroying competition. It would be sufficient to show that they had the effect or resulted in a substantial lessening of competition or tendency to create a monopoly in any line of commerce.

The prohibition set forth in this section of the bill does not forbid sales below cost per se. The only sales which would be prohibited by those sections of the bill are the sales which are made at such "unreasonably low prices" as would "substantially lessen competition or tend to create a monopoly in any line of commerce" or "injure, destroy, or prevent competition with any person who either grants or knowingly receives the benefit of such unreasonably low prices."

From the foregoing it can be seen that this bill would not prohibit sales at prices below cost except where the effect would be a destruction of competition and a tendency to monopoly. In view of that fact, the test of whether a sale is at a level "below cost" is merely incidental to the primary test of whether competition is being destroyed as a result of the "unreasonably low prices."

An important feature of the bill provides that small business concerns injured as a result of the things forbidden in the bill may proceed to enjoin the practices and sue for trouble damages for injuries sustained. Today, small business concerns are not permitted to utilize section 3 of the Robinson-Patman Act against monopolistic pricing practices in private litigation (*Nashville Milk Co. v. Carnation Co.* (355 U.S. 373) and *Safeway Stores v. Vance* (355 U.S. 389)). Hence the first result through the enactment of H.R. 10235 would be to remedy that situation.

Finally, it should be noted that the language appearing in line 9, page 1, and lines 1-8, page 2 of the bill is exactly the same as the language appearing in the first provision of section 3 of the Robinson-Patman Act. There is no change in language or punctuation, and, therefore, no change in the substantive provision. Therefore, the only thing the bill does regarding that provision of the law is to make it a part of the civil law. Now it appears only in the Federal criminal law. In passing, it should be noted that it is somewhat similar to, though not the same as, the provisions appearing in subsection (d) and (e) of section 2 of the Clayton Act, as amended by the Robinson-Patman Act. The purpose, therefore, of this language would be to strengthen the law against unfair and discriminatory rebates, allowances, advertising service charges and the like.

Some comment has been made about the use of the word "quantity" in this provision of the bill and in section 3 of the Robinson-Patman Act. That term has not been judicially defined in its application to rebates, allowances, advertising service charges and the like. However, it is believed that it could be safely assumed that when it is subjected to judicial interpretation, it will be interpreted to have somewhat the same meaning as the requirement that advertising allowances be made on proportionately equal terms, as now provided for in subsections (d) and (e) of section 2 of the Clayton Act, as amended by the Robinson-Patman Act.

In that connection, it should be noted that the phrase "proportionately equal terms" to which reference has been made, has been interpreted by the Federal Trade Commission and by the courts as being met in its requirements if furnishing of advertising and the payments therefor are made on the basis of a volume of purchases. In other words, on a basis of quantity.

The question has been asked whether the good faith meeting of competition would be accepted as a defense to any charge brought under H.R. 10235. The only answer that can be provided to that inquiry is that the bill does not dispose of any issue regarding good faith meeting of competition. Questions relating to that issue are left open and unanswered by this bill. The bill does not purport to deal with that issue. The extent that good faith meeting of competition would become relevant to any issue in a case arising under the Federal Trade Commission Act as it exists, then it would remain as relevant to an issue in a case arising under this bill.

CONCLUSION

The current, widespread practice of making sales at prices below cost and related discriminatory practices, presents a problem to the Congress. The matter is urgent.

It demands serious and immediate consideration. The law must not be left as it is at present, providing that section 3 of the Robinson-Patman Act can be used only in criminal cases prosecuted by the Department of Justice.

The facts dramatically show that the practice of price discrimination is being used by large and powerful monopoly forces to eliminate small and independent business concerns and thereby substantially lessening competition. In that way, the monopoly power over business is entrenched. It results in a heavy concentration of economic power in American industry.

The records show that one nationwide processor and distributor of dairy products has increased its share of the total business in that industry tremendously. It increased its sales between 1932 and 1955 by 38,706.89 percent.

Eight large processors and distributors of dairy products now enjoy more than 50 percent of the sales in that industry.

Concentration in American industry is not peculiar to the distribution of dairy products. Recently, the Federal Trade Commission, in announcing that it would study the matter stated:

"We want to know why the industry is getting so tough on the smaller operator * * * a trend seems to be to eliminate the small man entirely."

The House Small Business Committee and its subcommittees, which have been studying this matter, have an abundance of information. We have made that information available to the Federal Trade Commission, the Department of Justice, and other Government agencies. We shall continue to do so. However, we recognize that their abilities to stop these unwholesome practices are limited to some extent by the law. We need to expand their authority so that they will no longer have the excuse that they are without authority under the law to stop these practices.

Our colleague, the gentleman from California (Mr. ROOSEVELT), as chairman of Subcommittee No. 5 of the House Small Business Committee, has developed evidence showing that less than 35 percent of the 77 chains account for 77 percent of the total food chain sales. Of the 370,000 food stores in existence today, about 12 percent of them do 70 percent of the business. The so-called mom-and-pop stores are disappearing from the neighborhood.

Only a few days ago the Federal Trade Commission released a report on a study it has made regarding concentration in the distribution of food. According to the report, corporate chains increased their share of total food sales in these areas from 29 percent in 1948 to 44 percent in 1958. In the meantime, unaffiliated independent food retailers' share of the market dropped from 58 percent to 25 percent.

Shelf space is one of the keys to success in the grocery business. With perhaps 7,000 items to choose from, the housewife is going to be influenced by the location of items placed at her eye level. Today, the problem is to get your merchandise on the shelf. The great concentration of the distribution of food at the retail level in the hands of a few corporate chains poses great problems for independent businessmen engaged in production, processing, and the sale of food and related items to retail grocery stores. It is getting to the point where the marketplace is the shelf in the stores of a few corporate chain food retailers. Thus, those few chain food retailers are gaining a position from which they are able to make a decision on what shall be made available to consumers in the marketplace, and the goods of what producers shall be offered in the marketplace.

Today, one of the large nationwide chain food retailers enjoys an annual volume of

business $1\frac{1}{2}$ times greater than the entire aggregate annual volume of business enjoyed by all of the 194,000 independent small single store food retailers in the United States. Many additional facts could be cited which would further dramatize this alarming concentration of business in the hands of a few, but I shall not take your time and belabor the matter in citing further from the abundance of available statistics. We should be mindful that the significant fact remains that these monopoly conditions preclude competition.

We should aim to stop the practices which create the monopolistic conditions. It is beyond dispute that the most deadly of these practices is the practice of price discrimination. It is through this practice that the large concerns have gathered unto themselves monopoly control over prices and markets of a number of our basic industries and lines of business.

The problem is now up to Congress. We should act to place in the hands of the enforcement agency and in the hands of small business, the tools with which they may be enabled to act to stop or reduce the use of the monopolistic practice of price discrimination. Unless we do, as the years roll by the trust-busters will be calling upon us to appropriate millions and millions of dollars to help break up monopolies and trusts which price discriminations today are building up. It seems quite futile to build up for the sake of break up. Let us act to prevent the buildup of monopoly.

H.R. 10235 is designed to help small business survive. In doing that, it will help us preserve the free and competitive enterprise system. In that way we can help assure the consuming public of the consistent, fair, low, competitive prices attainable only under a system of competition.

The Federal Trade Commission, the Department of Justice, and representatives of big business are known to be in opposition to the proposals for legislation which would prohibit sales at prices below cost having the effect of substantially lessening competition and tending to create monopolies. At the same time, representatives of the Federal Trade Commission and the Department of Justice are telling small businessmen that existing law does not provide those agencies with authority to proceed against sales at prices below cost, merely on the showing that the effect is to substantially lessen competition or tend to create monopolies.

Those of us who want to help small business are unable to understand these attitudes and positions expressed by the Federal Trade Commission and the Department of Justice. If, under existing law, they cannot stop these monopolistic practices, and they do not think we have the appropriate proposals for strengthening the law, then why do not they bring forward proposals of their own which would strengthen the law so as to enable the Federal Trade Commission and the Department of Justice to stop these practices? We think they ought to do that or stand convicted of the charge that they are willing that big business concerns destroy small business firms and competition through these practices of selling at prices below cost.

We are receiving appeals from representatives of many small business firms, pleading for the enactment of this legislation. In some instances, these pleas describe the pitiful plight of small business firms struggling to survive against the practice against which this legislation is directed. We have received a large number of letters and other communications containing these pleas. With your permission, I would like to include in the record at this point a number of those communications as if I had read them to you during the course of my appearance here today.

OBJECTIONS TO H.R. 10235 ANALYZED

The Department of Justice has filed an adverse report on H.R. 10235. In general, its objection to H.R. 10235 appears at the middle of page 2 of its report, where it states that the provisions of H.R. 10235 "generally follow section 3 of the Robinson-Patman Act, there are certain variations and some of the language of the legislation is vague and uncertain."

Thus it is seen that the Department of Justice objects to this effort to help small business on the ground that the language used cannot be understood. What is the language to which reference is made? The Department points out that the bill would be applicable to sales which "have a dangerous tendency unduly to hinder competition or create a monopoly in any section of the country." Then it states that the meaning of the word "dangerous" as thus used can only be a "matter of speculation." Then it states that the word "unduly" is equally vague and speculative and that it is not clear as to exactly what the word "hinder" is intended to mean. It concludes that a combination of these words presents an imprecise test.

What the Department of Justice apparently has overlooked is the fact that for a period of 40 years the Supreme Court of the United States has interpreted the meaning of these terms in applying them to particular situations in cases arising under the Federal Trade Commission Act. Therefore, apparently these words were not overly speculative or without meaning to judges who must interpret the law. Apparently the Court, in appraising and determining the meaning of the words it used, did something the Department of Justice failed to do, namely, make reference to a good dictionary to find a definition for these terms. The businessman does not need to do that. He is aware of dangers—he knows what is due and undue, and he knows what hinders him. Therefore, the Supreme Court in determining the meaning of these words from the dictionary utilized terms that are well known and are understood by the layman. (See *Federal Trade Commission v. Beech Nut Packing Co.*, 257 U.S. 441, and *Federal Trade Commission v. Grats*, 253 U.S. 421.)

Also, the Department of Justice objects to the term "unreasonably low price" as used in the bill, noting that it could mean a sale at a price below cost as defined by State law, and that it could also mean other things, depending upon factors not revealed in the bill. In that connection, the Department of Justice failed to point out that H.R. 10235 contains an example of some things included within the term "unreasonably low price," namely, sales prices below cost. Section 3 of the Robinson-Patman Act, in which the term "unreasonably low price" was first used, contains no example or definition of the term.

Despite the fact that section 3 of the Robinson-Patman Act contains no example or definition of the term "unreasonably low price," it has been held sufficiently certain in its meaning to be constitutional by the courts, and has been applied to apt situations by the Department of Justice. Less than 2 years ago, the Department of Justice proceeded under that section of the law against Fairmount Foods, Inc. That proceeding was by way of a grand jury indictment. It was a criminal proceeding where defendants must be well informed of the crimes with which they are charged. Fairmount Foods, Inc., had little difficulty in determining the nature of the crime with which it was charged because it acknowledged its guilt and paid a \$25,000 fine during July 1959. The remaining term appearing in the bill, to which the Department of Justice states it would be difficult to assign meaning, is the term "cost." In that connection, it overlooks the fact that many State laws have been challenged on

the ground that the word "cost" appearing therein was vague, indefinite and uncertain. Appellate courts have brushed aside those contentions and have upheld State laws. Among those have been the case of *Safe-way Stores v. Oklahoma Retail Grocers' Assn. et al.*, decided by the Supreme Court of the United States (360 U.S. 334), and the case of *Schwegmann Bros. Giant Super Market v. McCrory*, decided by the Supreme Court of the United States, November 23, 1959 (361 U.S. 114). Quite recently, the Supreme Court of the State of Colorado was faced with the challenge that the Colorado law prohibiting sales at prices below cost was unconstitutional because the word "cost" was too indefinite, vague, and uncertain. There the court said: "The terms 'cost' and 'cost of doing business' are not proved to be so indefinite and uncertain within the meaning of the appropriate rule as to provide no basis for the adjudication of rights." (See No. 19,260, *Flank Oil Co. v. Tennessee Gas Transmission Co.*, decided by the Supreme Court of Colorado, April 1960.)

The only other objection made to H.R. 10235 by the Department of Justice is that the bill would carry over many of the alleged ambiguities inherent in the present language in section 3 of the Robinson-Patman Act. It is not surprising that the Department of Justice has made this objection to this bill because it has not favored the Robinson-Patman Act which was enacted by the Congress overwhelmingly 24 years ago. In fact, today is the 24th anniversary of congressional approval of the Robinson-Patman Act. Only 15 votes were cast against it in the House, and it passed the Senate without objection.

Despite that overwhelming expression of public policy by the Congress, the Department of Justice has expressed its dislike for the policy expressed in the law. The report made by the Attorney General's National Committee to Study the Antitrust Laws, March 31, 1955, suggested that section 3 of the Robinson-Patman Act should be repealed. The Department has done little to enforce it. Therefore, it is repeated that it is not surprising that the Department of Justice is opposed to H.R. 10235, which carries over from the criminal law into Federal civil law the provisions of section 3 of the Robinson-Patman Act.

It should be observed that the officials currently managing the U.S. Department of Justice have seen nothing imprecise in the word "unreasonable" as that term has been used in defining the scope of the Sherman Antitrust Act. Indeed, the present Chief of the Antitrust Division has been associated with efforts to have the provisions of the Sherman Antitrust Act apply to situations only where the restraints of trade involved are shown to be unreasonable. Also, he has been associated with efforts to read into the Sherman Antitrust Act limitations upon its application to a number of situations only where the restraints of trade are shown as unduly foreclosing, suppressing, or eliminating competition. Therefore, it is strange, indeed, that the current objections by the Department of Justice to H.R. 10235 are predicated, in part, upon the fact that it includes the word "unduly." It would seem that if the Department of Justice cannot determine the meaning of the word "unduly" as used in H.R. 10235, it would find it equally difficult to define the meaning of that word or the word "unreasonably" as they would be applied to particular situations arising under the Sherman Antitrust Act.

The Federal Trade Commission has filed an adverse report on H.R. 10235. In general, its objections are twofold: (1) It argues that "the proposed legislation would narrow the authority of the Commission by limiting its activities to situations where sales are made below cost, and (2) it argues that the bill 'would result in the Commission being authorized and directed to evaluate price and

service-charge differentials under two separate statutes having different, and in some instances, conflicting terms, standards and defenses."

The apparent basis for the first of these objections is found in what is alleged at the middle of page 3 of the Commission's report on the bill, where it is said: "Sales at unreasonably low prices with the effect or purpose stated in the proposed legislation, would appear to constitute an unfair method of competition in violation of section 5 of the Federal Trade Commission Act." This contention of the Federal Trade Commission that it has the authority under section 5 of the Federal Trade Commission Act to proceed against sales at unreasonably low prices, merely on the showing of the effects stated in the proposed legislation, namely, that of substantially lessening competition or tending to create a monopoly, is amazing and startling in view of what it has been telling small businessmen, and in view of its failure to act in that respect.

It is standard practice for the Federal Trade Commission to tell small businessmen who complain about sales at prices below cost, that the Trade Commission is not authorized to proceed unless it is shown that those sales were made for the purpose or intent of destroying competition. In doing so, it frequently cites the case of *Sears Roebuck v. Federal Trade Commission* (25 Fed. 307), as decided by the U.S. Circuit Court of Appeals, Seventh Circuit, April 29, 1919, and in that connection, quotes from the opinion of the court where, with reference to the Federal Trade Commission Act, it was stated: "We find in the statute no intent on the part of the Congress, even if it has the power, to restrain an owner of property from selling it at any price that is acceptable to him or from giving it away."

Also, the Commission in the actions it has taken against sales at unreasonably low prices or at price levels below cost, has limited the scope of those actions to challenging prices and sales made "for the purpose or intent and with the effect" of substantially lessening competition or tending to create a monopoly. For example, the most often cited case of the Commission dealing with this problem is the proceeding in the matter of *E. B. Muller and Co. et al.*, Federal Trade Commission docket 3224 (Federal Trade Commission Decisions, vol. 33, p. 24, decided June 11, 1941). In that case, the Commission entered an order which prohibits E. B. Muller and Co. from selling or offering to sell granulated chicory at a price less than cost, but only where it is done "with the purpose or intent, and where the effect may be to insure, suppress, or stifle competition or tend to create a monopoly in production or sale of such products."

The U.S. Circuit Court of Appeals for the Sixth Circuit upheld the order of the Commission in that case on April 13, 1944 (142 F. 2d 511), and in doing so made it clear that it agreed with the findings of the Commission that Muller and Co. had undertaken the practice of selling at prices below cost to eliminate a competitor by the name of Schanzer. The court in its opinion referred to much of the evidence on which the Commission's findings were based and the showing in the evidence that it was E. B. Muller and Co.'s intent to eliminate its competitor. In that connection, the court stated: "These statements must be read in light of the controlling fact that Schanzer is the petitioners' only competitor, and so read they evince an evident determination to destroy Schanzer's business." Thus, it is clear that where the Commission has utilized section 5 of the Federal Trade Commission Act to attack sales at prices below cost, it has done so successfully under existing law only where it has alleged, proven and found that the sales were for the purpose or intent of destroying competition.

Although the Muller case was decided by the Commission almost 20 years ago, the Commission is continuing to adhere to the concept of that case. For example, on Wednesday, June 8, 1960, the Commission made public in a release that it had issued complaints against the Celotex Corp., FTC docket 7907, the Logan-Long Co., FTC docket 7906, and Lloyd A. Fry Roofing Co., FTC docket 7908, in which it had been alleged that those companies had been selling roofing materials at prices below cost or at unreasonably low prices in the Southeast and Southwest "with the intent and effect of restraining competition in these areas." Thus, only 1 week ago, the Commission failed to utilize the Federal Trade Commission Act in proceedings against prices at sales below cost, except where the sales are shown to be for the purpose or with the intent of destroying competition, and yet the Commission in its agency's report on H.R. 10235, indicates that under section 5 of the Federal Trade Commission Act, the Commission considers that it can proceed against such pricing practices where it is shown that they are coupled "with the effect or the purpose stated in the proposed legislation."

It is sufficient to say that it appears that the Commission, in opposing this proposed legislation, is trying to say it is unnecessary because the Commission already has more authority and power than the legislation would provide the Commission to halt sales at prices below cost. On the other hand, as stated earlier, the Commission refuses to act on the complaints of small businessmen against sales at prices below cost unless it is shown that the sales are made for the purpose or with the intent of destroying competition.

The second objection by the Commission to the proposed legislation would authorize and direct it to evaluate factors under two different statutes having different, and in some instances, conflicting terms, standards, and defenses. In that connection, the Commission alleges this would result in confusion and uncertainty as to the applicable law and its administration.

Obviously, the Commission is limiting its observations in that respect to the agency's report it is making on H.R. 10235. In the actions it undertakes, it frequently utilizes both section 2a of the Clayton Act, as amended by the Robinson-Patman Act, and section 5 of the Federal Trade Commission Act in proceeding against price discrimination practices, and where the gravity of the offense is found sufficient to bring it within the purview of the higher standards of proof required in proceedings under section 5 of the Federal Trade Commission Act. For example, the E. B. Muller & Co. case referred to earlier, was founded upon two counts. Count I of that case alleged a violation of section 5 of the Federal Trade Commission Act, and count II alleged a violation of section 2a of the Clayton Act, as amended by the Robinson-Patman Act. There the Commission clearly utilized its authority, but it was not directed to proceed against a particular practice under two different statutes having different terms, standards and defenses. Likewise, as announced to the public on June 8, 1960, the Commission, in proceeding against the Celotex Corp., the Logan-Long Co. and the Lloyd A. Fry Roofing Co., elected to proceed on the basis of two counts in each of those cases. In one count the charge is made that section 2a of the Clayton Act, as amended by the Robinson-Patman Act, is violated, and in the second count it is alleged that section 5 of the Federal Trade Commission Act is violated. In each case, both counts are directed against the practice of discriminating in price involving alleged sales at prices below cost.

In these cases, as was true in the earlier cases, including the E. B. Muller case, the Commission will find it necessary to deal with "cost" factors. Perhaps the Commis-

sion, in conclusion, will do as it did in the E. B. Muller case, state—"As used, the term 'cost' means the total cost to respondents of any such transactions of sale, including the costs of acquisition, processing, preparation and marketing, sale and delivery of such products," although in its agency's report on H.R. 10235, the Commission indicates that it will be well-nigh impossible, if not entirely so, to determine "cost" in cases that would arise under the proposed legislation.

The Department of Commerce has filed an adverse report on H.R. 10235. In that connection, it has stated that "The most serious problem posed by the bill is its unrealistic approach to pricing practices and the probable effect of raising many prices with an attendant reduction in volume of goods purchased and sold."

This objection to H.R. 10235 is more baffling and startling than the objections made by the Federal Trade Commission. Nowhere in the bill is there a provision which requires the use of any particular pricing practice. The only pricing practices prohibited are those which could have the effect of substantially lessening competition or tend to create monopolies, or those which would have a dangerous tendency to unduly hinder competition and tend to create monopolies.

It is too well established and so far beyond dispute, that the best assurance the public has for low and fair prices is the preservation of competition. Also, it is too clear to argue at this time that the elimination of competition and the creation of monopolies make for higher prices. What more need be said to brush off the objection made by the Department of Commerce to H.R. 10235 than to say that its objection, as above recounted, is the argument made by apologists for monopolists and constantly made against our antitrust policy and the various provisions of our antitrust laws.

The Executive Office of the President, Bureau of the Budget, has filed an adverse report on H.R. 10235. Its objection is predicated upon the fact that the Departments of Justice and Commerce and the Federal Trade Commission have raised important objections to the bill, and then observes that the Bureau of the Budget is in general agreement with the views of these agencies. The difficulty about that observation is that we are unable to determine whether those agencies found it necessary to agree with the Bureau of the Budget or the Bureau of the Budget just simply found it easier in agreement with the agencies. For example, in the report made by the Federal Trade Commission, it was stated that pursuant to regulations, its adverse report on H.R. 10235 "was submitted to the Bureau of the Budget on April 26, 1960, and on May 17, 1960, the Commission was advised that there would be no objection to the submission of the report to the committee."

In other words, these agencies, in reporting to the Congress of the United States on important proposed legislation, have found it necessary to determine that the Executive Office of the President did not object to the reports the agencies were making to the Congress. That is an important point because the Federal Trade Commission, in reporting upon matters of this kind, was conceived to be an arm of the Congress and not a puppet of the Chief Executive. As matters stand, even the Oversight Legislative Committee, having jurisdiction over the Federal Trade Commission, is unable to get views from the Federal Trade Commission on proposed legislation except as approved by the Executive Office of the President.

The House Small Business Committee in House Report No. 2967 (84th Cong.), at page 80, in its recommendation No. 4, recommended that the Legislative Oversight Committee consider legislation which would exempt the Federal regulatory agencies and commissions, such as the Federal Trade Com-

mission, from the requirement that it submit to the Bureau of the Budget reports to be made to the Congress of the United States on proposed legislation.

In addition to these Government agencies' reports on H.R. 10235, we have noted other comments, raising questions about the bill. For the most part, these comments have been made by representatives of business groups. Some of these representatives have expressed the thought that perhaps the bill will present a number of problems to businessmen for which they will have no solution. In that connection, the following points have been raised:

1. "Would the bill force small and independent retailers to sell their goods, wares, and merchandise in their stores at a level which includes their individual overall cost of doing business and, thereby, prevent such small retailers from meeting the competitive prices of their larger competitors who perhaps would be able to buy merchandise at lower prices?"

Answer: "The bill would not force all retailers to sell every product in their stores at a level which includes their individual overall cost of doing business. That is true because the bill does not prohibit sales at levels below cost except where the effect on competition and the tendency to create a monopoly would appear as specified in the bill. It is inconceivable that the small independent retailers, in making a special sale or moving in an effort to meet the prices of larger competitors, would ever be charged with so acting, with the effect of substantially lessening competition or tend to create a monopoly. On the other hand, it would be far more likely that the large, multiple market retailers doing a nationwide business, would be found to substantially and adversely affect competition through sales at prices and at levels below cost. In this respect, the provisions of this bill are not different from the provisions of the laws we have prohibiting price discrimination, where the effect of the price discriminations substantially lessen competition or tend to create a monopoly. It is only those with considerable economic power who are likely to have the effect of substantially lessening competition through the use of price discriminatory practices. I know of no instance, for example, of any retail grocery store, located on a line separating two States and, thereby, doing business in more than one State, ever being charged with a violation of our Federal laws against price discriminations. I do not believe either private parties or representatives of the Government could ever be so foolish as to make such charges. Likewise, I do not believe anyone could be so foolish as to undertake a proceeding against a small, independent retailer for selling at prices below cost, allegedly in violation of the provisions of this bill. What I have said about the bill and its application to retailers in this respect applies equally to wholesalers and manufacturers."

2. "Would the bill adversely affect the loss-leader laws of the various States?"

Answer: "Absolutely not. The bill was drafted so as to give recognition and full faith and credit to these various State laws. Therefore, it provides that where a transaction in a given State is challenged as having taken place in violation of the provisions of this bill at a price below cost, the term 'cost' in such instance would be determined as the term 'cost' is determined under the laws of that State."

3. "Would the bill require a large, nationwide concern doing business in many States to determine its 'cost' in different ways, depending upon the States in which it does business?"

Answer: "The bill would not add to the difficulties of any business firm in that regard. Whatever difficulties the business firm has in that respect, it now faces. For ex-

ample, the Great Atlantic & Pacific Tea Co. is doing business in 37 States. Many of those States have laws which prohibit sales at prices below cost. Some of the States have standards for determining cost different from the standards applying in other States. Therefore, the Great Atlantic & Pacific Tea Co., in order to conform to the laws of the States in which it is operating, is required by virtue of State laws to determine its costs in different ways. Its 'cost' under the law of the State of Michigan would be different and determined by different methods from what its 'cost' and method of determining cost would be in a number of other States."

4. "Why does not the bill provide that it shall be an absolute defense to a charge of its violation for one to say he was meeting competition in good faith?"

Answer: "Near the conclusion of my prepared statement, I pointed out that the question had been asked whether the good-faith meeting of competition would be absolute as a defense to any charge brought under H.R. 10235. I pointed out that the bill does not dispose of any issue regarding good-faith meeting of competition. Indeed, it does not deal with that issue. To the extent good-faith meeting of competition would become relative and material to any issue in a case arising under the Federal Trade Commission Act as it exists today, then it would remain as relevant and material to an issue arising under this bill. We certainly do not want the bill to provide for a wrecking of our laws against price discrimination by providing that one may discriminate in price through the good-faith meeting of competition, even where the effect would be to substantially lessen competition or tend to create a monopoly in any line of commerce. The controversy over that matter is too long and involved to explain as a part of this answer. However, it is noted that efforts to write into statutory law a provision which would weaken our antitrust laws so as to permit price discrimination made in good faith to meet competition and where the effect would be to substantially lessen competition or tend to create monopolies have been successfully resisted."

5. "Some persons have stated that there is no possibility this bill can be enacted into law this year because we are getting a hearing at such a late date in the session."

Answer: "We should not accept the proposition that it is too late to help small business. Those who do not want to help small business should have a better excuse. Also, they should be prepared to give to small business an accounting of why they have not acted in the interests of small business before this late date."

In conclusion, I wish to reiterate that Government officials or others who have in mind improvements for strengthening the legislative proposals in H.R. 10235, to make more effective our laws against the monopolistic practices of price discriminations, including those at levels below cost, should bring their proposals forward. It is not in keeping with the American tradition and the American way to oppose for opposition's sake. We should be constructive. Therefore, unless the Federal Trade Commission and the Department of Justice wish to stand convicted of the charge that they are not opposed to monopolistic practices which destroy small business, they should advise Congress how to strengthen the provisions of H.R. 10235 to make it effective against those practices, and not simply present to the Congress their objections to legislation of this kind.

HEARINGS ON BILLS TO HELP SMALL BUSINESS

Mr. PATMAN. Mr. Speaker, yesterday, Thursday, June 16, 1960, on the

24th anniversary of the approval of the Robinson-Patman Act by the Congress, a subcommittee of the House Interstate and Foreign Commerce Committee held hearings on bills to help small business by preventing certain discriminatory prices and sales at prices below cost. These bills have been introduced by myself and more than 25 other Members of the House.

During the course of the hearings, I and other sponsors of this proposed legislation testified and presented information about the need for this proposed legislation. Among those who have sponsored this legislation is our distinguished colleague, the gentleman from California [Mr. McFALL]. In his testimony he made particular reference to the need for this proposed legislation for the protection of dairy farmers and other small businessmen in California. I wish to revise and extend my remarks by including at this point a copy of the statement made by Representative McFALL on this matter.

(The statement is as follows:)

STATEMENT OF CONGRESSMAN JOHN J. McFALL BEFORE THE HOUSE INTERSTATE AND FOREIGN COMMERCE SUBCOMMITTEE ON COMMERCE AND FINANCE, JUNE 16, 1960, ON H.R. 11703 AND RELATED LEGISLATION TO HELP SMALL BUSINESS, INCLUDING CALIFORNIA DAIRYMEN, BY PREVENTING SALES AT PRICES BELOW COSTS IF SUCH SALES TEND TO CREATE MONOPOLY

Mr. Chairman, thank you for the opportunity of testifying today before your committee on legislation that is of particular concern to the small dairymen of California and of real interest to small businessmen everywhere.

I am the author of H.R. 11703, which is identical to a number of other measures on this subject.

Briefly, this legislation would forbid sales below costs if such sales would tend to create a monopoly in any line of commerce or would injure, destroy, or prevent competition.

The legislation was drawn as a direct result of investigations during the past 12 months by the House Small Business Committee which found a consistent pattern of business practices harmful to the small businessman, practices that are leading to elimination of these independent businessmen by the thousands.

Only through preservation of competition can the public be assured of low prices provided through competition. Prices representing sales made temporarily at levels below cost provide the public with only temporary advantages, and such advantage is paid for dearly at a later date after the competition is eliminated.

A committee investigator testified in detail how a consistent pattern of operation has worked to eliminate small dairymen throughout central California. He testified:

"It is alleged that an actual feudal system is in effect in California and that the major distributors who purchase the raw product from the producers are arrogant and unfair to the producers in their arbitrary handling of the contracts and their determination of the usage and subsequent payments."

The special investigator then testified in considerable detail how the small independent dairyman is at the complete mercy of the large distributors and, as a result, hundreds have been driven out of business.

A similar pattern was developed in hearings in other sections of the country, as you were told by Congressman TOM STEED, chairman of the special committee which investigated the dairy situation.

Effect of the legislation in prohibiting use of so-called loss leaders when used to eliminate grocery store competition was described by Congressman JAMES ROOSEVELT, who headed the special committee which investigated the grocery business throughout the country.

May I urge your favorable action on this legislation which is so important to protect the right of the small and independent business enterprise to operate under free and fair competitive practices without which such enterprise cannot exist.

NATIONAL CONSTITUTIONAL CRISIS: A PLAN FOR ACTION—SEQUEL NO. 2

Mr. ALFORD. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. ALFORD. Mr. Speaker, in a statement to the House on March 14, 1960, I quoted a legal analysis of what has since become widely known as the Virginia plan for enforcing the Constitution. This is strictly a plan for action. It embodies a proposal that is crystallized and made clearly definite in two legislative measures introduced in the 1960 session of the General Assembly of Virginia: House Joint Resolution No. 44 and House bill No. 407.

These measures were introduced by Delegate Lucas D. Phillips, of Leesburg, Va., and sponsored by 35 percent of the total membership of the house of delegates. Such sponsorship was a forecast for success had the addresses of these supporters not been prevented by procedural difficulties due to the time limit for the legislative session.

The measures are notable in several respects. They represent the first legally and technically correct effort by any State, as a party to the compact known as the Constitution of the United States, to enforce the Constitution through action directed to unlawful proceeding of the judiciary whose power to act is derived solely from grants of authority within that compact.

Another significance is that no one arose to question the validity of the legal position as outlined in the measures. Moreover, they are the first constitutionally founded actions designed to curb proceedings that follow from unauthorized acts of members of the Supreme Court in cases where authority has not been given them to act as a court. As such, these proceedings of the Virginia Legislature have attracted wide interest and comment throughout the Nation.

The immediate purpose of the two measures is to clarify existing law. Such clarification by the States, acting in their highest sovereign capacities as signatories to the Federal compact, is absolutely essential to make definite what is the law in those cases wherein members of the Supreme Court have attempted to usurp authority. The assumption of usurped authority, unless denied by the State affected, bears the legal implication that the State has consented and

approved the otherwise invalid action of the Federal agency concerned.

At this point, Mr. Speaker, I wish to stress that this movement in Virginia resembles other great landmarks in the establishment and preservation of our liberties in that it does not purport to enact new law but to define and reaffirm existing law.

These milestones in the preservation of human liberty include the Magna Carta, 1215; the Confirmatio Cartarum, 1297; the Petition of Right, 1628; the action of the Virginia House of Burgesses in approving the resolutions of Patrick Henry declaring the Stamp Act in excess of the authority of Parliament, 1765; and the Declaration of Independence declaring invalid acts of the British Ministry, 1776; also the Constitution of the United States and the Bill of Rights.

The people of our country are now confronted with a crisis comparable to that of 1776. The great task facing the signatory parties to the Federal compact today is clarification and reaffirmation of existing law.

It is apparent to all that the attempted usurpation of power by Federal agents will destroy our constitutional liberties unless curbed. It should be a matter of the greatest possible interest to all people throughout the United States that the State of Virginia has under consideration an effective remedy to meet this grave situation.

The full text of House Joint Resolution 44 above mentioned will be found in my statement to the House in the CONGRESSIONAL RECORD of March 15, 1960. I shall now quote the other measure of the Virginia plan for enforcing the Constitution:

HOUSE BILL NO. 407

(Offered February 8, 1960)

A bill to state the policy of the Commonwealth of Virginia with reference to the autocratic assumption of authority on the part of members of the Supreme Court and their attempted application of usurped power to the law of this State

Be it enacted by the General Assembly of Virginia:

That on April 15, 1783, under the terms of the Treaty of Peace at the end of the Revolutionary War it was acknowledged and confirmed that the Commonwealth of Virginia was a "free sovereign and independent" State. Thereafter, on June 26, 1788, the State of Virginia confirmed and ratified, together with other "free sovereign and independent" States, that certain compact and agreement known as the Constitution of the United States, under which there were constituted three separate and distinct agencies of Government, each with clearly defined and strictly limited powers.

Each of the parties signatory to this agreement had its established form of government with executive and legislative branches, a full judicial system, as well as military and police power organizations together with the unlimited right of each to make and enforce its own laws.

Under article I of this agreement there were constituted the legislative, under article II the executive, and under article III the judicial, Departments of Government in which the limits of their authority were clearly defined.

All "legislative powers" therein "granted" were conferred upon the Congress. The power conferred upon the judicial department was limited to "judicial power" and

all powers not delegated were expressly reserved to the States or to the people.

This limit to "judicial power" denied the U.S. Supreme Court any and all legislative power. It was given no power to alter any law, or to amend or enlarge any of the constitutional provisions, either by direct decree or indirectly by any other order or decision or device.

Therefore, the action taken by the Justices of the Supreme Court of the United States, in the case of Davis against the County School Board of Prince Edward County, is beyond any authority conferred upon the Court by the Constitution, in that the members of the Court acted beyond the prescribed limit of judicial authority. Accordingly, their proceedings are not an authorized act of the Supreme Court but merely the act of members of the Court, and are hereby declared to be unauthorized, and unconstitutional, invalid, and not the law within the jurisdiction of this State.

The General Assembly of Virginia further declares that what is purported to be a ruling of the U.S. Supreme Court in *Brown v. Board of Education et al.* is not a constitutionally authorized ruling of the court, and hence is unconstitutional, invalid and not law within the jurisdiction of this State. The ruling is beyond the authority granted, in that the members of the Court have attempted to exceed their constitutional power which is limited under the provisions of article III to "judicial power." The ruling, if validated by this State, would be in denial of the established rule of law, that the intent of those who framed and adopted the Constitution or the amendments thereto must govern in its construction. Furthermore, such approval by the parties signatory would be an attempt to give a legal effect to the ruling as if it were in effect an amendment to the Constitution of the United States, which to be valid must have the approval of three-fourths of the States.

The General Assembly of Virginia declares that in issuing unauthorized decrees which interfere with the administration of the laws and the constitution of this Commonwealth, in relation to its public schools, and in seeking to enforce such decrees with court orders and injunctive writs, the Court's proceedings are in violation of section 1 of article I and section 1 of article II of the Constitution of the United States, are unconstitutional, invalid, and not law within the jurisdiction of this State.

The General Assembly of Virginia further declares that the Justices of the Supreme Court, in concert with members of the Federal district courts of the United States have proceeded in violating section 2 of article III of the Constitution of the United States, in abdicating their constitutional responsibility and duty under said section, to try all cases in which a State shall be a party, and in procuring the usurpation of that power by members of the Federal district courts; and that therefore those acts are unconstitutional and are invalid and not law in this State.

It has heretofore been considered that due restraint would voluntarily be exercised by the agencies of the government so created, and especially by the members of the Supreme Court, to the end that they would confine their areas of activity and procedure and their rulings, strictly within the limits fixed under the Constitution and within the authority defined therein so as to be in accord with its fixed requirement that they and each of them, "shall be bound by an oath to support this Constitution."

The necessity for this action now being taken by this State, is occasioned by such flagrant disregard of the fixed constitutional limitations binding upon the Supreme Court, that their lack of restraint has been made the subject of criticism, not only by out-

standing jurists, but by a resolution of the association of the heads of the supreme courts of all the States of this Nation, by leading bar associations, and by outstanding members thereof.

These criticisms are not only leveled at the failure of the Court to exercise proper restraint in recognition of the limits of its authority but they also are directed at decisions which question the power of the Government of the United States to defend itself from enemies within the country, acting in alliance with enemies outside the country, which action thwarts the agencies concerned with the defense of the country from these enemies.

The government of this State has exhausted all possible means of arriving at a solution to this problem without the exercise by this State of the reserved powers to defend the State from the unlawful actions of the Supreme Court and we must now proceed in accordance with the actions herein taken, to the effect that the unlawful unauthorized procedures of the members of the Court, which represent an usurpation of power which clearly is not accorded to them under the compact, binding and limiting their conduct, will not be recognized as law within the jurisdiction of this State.

This action of the State, is notice (1) to the other governments which are signatory parties, along with the government of this State, to the compact known as the Constitution of the United States; (2) to the agencies and the departments thereof generally known as departments of the Federal Government, and which have been constituted under this agreement; and (3) to those persons who have been selected to occupy and who now occupy the positions, and who have accepted the obligations to perform the duties, as defined and limited in said compact.

STUDY OF STATE USE TAXES ON INTERSTATE SALES

Mr. MEADER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MEADER. Mr. Speaker, in the closing days of the last session, Congress enacted public Law 86-272 which provides for a study by the Judiciary Committee of the House and the Finance Committee of the Senate of taxation by States of income derived exclusively from interstate commerce to determine what legislation, if any, in this field may be required.

Congress was prompted to consider this problem as a result of the Supreme Court decisions on February 24, 1959, in *Northwestern States Portland Cement Co. v. Minnesota* and *Williams v. Stockham Valves & Fittings, Inc.* (358 U.S. 450).

Since then on March 1, 1960, the Supreme Court in *Scripto, Inc. v. Dale Carson* (362 U.S. 207) determined an issue involving the imposition of a Florida State use tax on a commodity sold and shipped from Georgia, although as in the *Northwestern* and *Stockham* cases orders were solicited within the State which imposed the tax.

Since the *Scripto* decision, several measures have been introduced to establish a minimum standard with respect

to State sales and use taxes. I believe Congress would be premature and hasty in considering such a measure at this time, especially since the study authorized by Public Law 86-272 has not been completed. I do believe, however, that the State imposition of income taxes is sufficiently related to the State imposition of sales and use taxes in transactions exclusively in interstate commerce to warrant the inclusion of the latter in the study to be conducted by the House Judiciary Committee and the Senate Finance Committee. In this regard, on Tuesday, June 14, 1960, the Senate Finance Committee reported S. 3549 with amendments to permit such a study.

In order to facilitate the enactment of a study measure before the adjournment of Congress, I am introducing a bill which will amend Public Law 86-272 to authorize a study of State sales and use taxes in transactions exclusively in interstate commerce. It is contemplated that this study will be conducted in conjunction with the study of State income taxes which has already been authorized by Public Law 86-272.

Mr. Speaker, the problems of State taxation of interstate income and State use and sales taxation of interstate transactions are sufficiently similar that they should be studied together. On the one hand we know that the States and local governments are hard pressed for revenue and certainly would not wish to shut off sources of revenue. On the other hand, free and unrestricted flow of interstate commerce is vital to the strength and vigor of our national economy, and there should be uniformity and clarity in the manner and extent to which States may look to interstate commerce as a source of revenue.

This problem is a very delicate and difficult one, and it should be apparent that the confusion and ambiguity pointed up by the Scripto and Northwestern and Stockham decisions should be cleared up as promptly as possible.

SERVICE PENSIONS

Mr. LANE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LANE. Mr. Speaker, our contention is that the veterans of World War I are entitled to service pensions consistent with the precedent established by the award of such pensions to the veterans of previous wars. The average age of the veterans of World War I is close to 66 years and we submit that the enactment of a pension law for them is long overdue.

Congress first adopted a "pure service pension" schedule for the survivors of the Revolutionary War, on June 7, 1832. This Act granted full pay for life to veterans who had served a minimum of 2 years.

The Mexican War Pension Act of 1887 granted a pension, if the veteran was suffering from disabilities to a pen-

sionable degree. Veterans 62 years of age and older were entitled to a pension regardless of any disability.

In the debate on the Mexican War Pension Act, Senator Hoar, of Massachusetts, pleaded for uniformity, for consistency of action on the part of Congress. He explained that if the Government were bound, as a matter of principle, to pension soldiers or sailors who do not need the pension, and who are under no disability, then it is a universal principle, and as such, the veterans of all wars are entitled to the pension. Enactment of the bill, said the Senator, would very shortly compel the Congress to take the next step, a pure service pension for the Civil War veterans.

Widespread agitation led to the act of May 11, 1912, setting up a formula whereby the Civil War veteran must have served at least 90 days in that conflict, and that he must be 62 years of age and older. The amounts provided for on a graduated scale according to length of service, have been increased from time to time since 1912.

The act of June 5, 1920, was entitled: "An act to pension soldiers and sailors of the War with Spain, the Philippine Insurrection, and the China Relief Expedition." It provided that any such person who has reached the age of 62 years, shall, upon making proof of such fact, be placed upon the pension roll. As for pure service pensions, the Spanish-American War still remains the most recent conflict for which pensions have been authorized by the Congress.

Obviously, the veterans of World War I are next in order. When Congress passed a bill to provide adjusted compensation for the veterans of 1917-18, it was vetoed by President Harding on September 19, 1922. In the message explaining his action, the President was looking to the future when he said that it was inevitable, as the years pass, that pension provision for World War I veterans will be made, as it has been made for those who served in previous wars. The fulfillment of that prophecy and that obligation is approaching.

When we average out the length of time that the veterans of the five previous wars in American history had to wait before service pensions were authorized, we find that it takes a fraction more than 42 years. We, of World War I, with almost 41½ years behind us, are close to the time of our entitlement. When we consider that our good friends of the Spanish-American War had to wait only 22 years for their pensions, it would appear that favorable action on our claim cannot be delayed much longer.

The program we advocate is one whose cost begins to diminish from the moment it becomes effective. Three hundred and sixty World War I veterans are dying every day. Here is what is happening, as described by William F. Salin, legislative officer, in a letter that was published in the January 21, 1960, issue of the National Tribune-Stars and Stripes:

In 1959 this barracks (Brazil Barracks No. 1178) had a membership of 119. During said year we lost seven members by death. It

is reasonable to assume that this death rate will increase each year as the years go by; but even with the same annual death rate, within 17 years our membership will be entirely used up; and the same ratio is bound to apply to the entire national membership. By 1976, any World War I man living will be living on borrowed time. It naturally follows that the cost of this proposed pension will be reduced 6 percent the first year in effect; 12 percent the second year and therefore by 1976 only 6 percent of these men will be still living and the cost of said pension will have been reduced 94 percent. These facts and figures are arrived at by very simple arithmetic.

There is nothing sudden or revolutionary in our proposal, almost 41½ years after World War I, and following a precedent that has been endorsed by Congress in favor of the veterans of every war since the first "pure service pension" was enacted for the veterans of the Revolutionary War. We believe that the veteran of World War I who has served at least 90 days; who received an honorable discharge; and is now 62 years of age or older is entitled to a pension of \$100 per month.

We also believe that this pension must be paid without regard to the veterans annual income, whether derived from payments of social security benefits, railroad retirement benefits, pensions, annuities, or otherwise.

We are certain that this is the simplest and fairest method by which the Nation's obligation to the aging veterans of World War I will be honored.

The time has come for decision.

The Congress cannot default on the established precedents which direct us to provide a service pension for all qualified veterans of World War I.

PANAMA CANAL CONTRACTS

Mr. LEVERING. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. LEVERING. Mr. Speaker, on June 7 I requested the Secretary of the Army, the Honorable Wilber M. Brucker, to reconsider the recent award of the towing locomotive contract for the Panama Canal to the Mitsubishi Co. of Japan. Today I received a letter from Mr. Brucker in response to my request which contains the following statement:

As you know, I was advised by the Director of the Office of Civil and Defense Mobilization that award of the contract to the American bidder could not be justified on the basis that it was necessary to protect essential national security interests. This finding was conclusive on the company.

Mr. Speaker, I must say in all deference to the distinguished Director of OCDM, how can such a decision be sustained in the face of the fact that the very existence of the Government of Japan is seriously threatened by the same anti-American forces which have precluded a peace mission to that country by the President of the United States?

SMEAR ATTACK BY LIFE MAGAZINE

The SPEAKER. Under the previous order of the House, the gentleman from Pennsylvania [Mr. RHODES], is recognized for 10 minutes.

Mr. RHODES of Pennsylvania. Mr. Speaker, today I have introduced a bill to eliminate the stationery allowance for House Members.

It may not be a popular proposal, particularly to those Members who spend more than the present allowance. But it would help in protecting Members against smear attacks. The allowance should be eliminated entirely, if necessary, to protect Members from unscrupulous individuals whose objective is to smear and discredit.

Last week I was the target of such an attack in Life magazine for a \$33.75 purchase I made through my stationery account back in 1958. This was for Christmas gifts for members of my staff. Whether such expenditures are for pens, dictionaries, purses, wallets, or umbrellas, makes no difference. If this is improper, there would be few Members who have not sinned. This expenditure was from funds which were my own.

Some Members withdraw their full allowance at the beginning of the session. If a Member dies, the balance in his stationery account is sent to his widow. If the full amount is unspent, Internal Revenue rules that it is taxable as income. No matter what course you take and no matter how you spend this allowance, you are not free from those who seek to smear and destroy your good reputation.

If such purchases are improper, surely the publishers of Life could find something more sensational than my \$33.75 purchase. They would not have had to go back to 1958. Why have they singled me out for smear and ridicule? I will tell you why.

Yes, I have sinned in the eyes of this news monopoly. But my sin is something entirely different than they try to make it appear. It is because I am the author of legislation to limit their unjust postal subsidies.

Subsidies to the Luce publications which include Life, Time, Fortune, House and Home, Sports Illustrated, and Architectural Forum, amount to a million dollars a month. American taxpayers must pay for this big Federal handout and giveaway. Yes, I offended these publishers when I focused public attention on their big subsidy, and particularly when I introduced legislation to limit it. Yet Life has not dared to attack me on this issue. On this question, the Luce magazines keep their readers in the dark.

In 1957 the House passed my bill to limit subsidies to \$100,000 annually for any one publication. The bill was approved by the House as an amendment to the postal rate bill. This was an unpardonable sin which has marked me for punishment and liquidation by the officials of the Luce empire. This amendment was defeated in the Senate, where it got 33 votes despite the intense and unethical lobbying campaign by big magazine publishers. The issue was

given the silent treatment by the magazine publishers. But behind the scenes this powerful and influential pressure group went to work and succeeded in killing my bill and in holding on to their big subsidies.

Last year on July 28, 1959, I again introduced a subsidy limitation bill. On the morning of that day, even before I put the bill in the hopper, I had a phone call from Mr. Francis R. Cawley, lobbyist of the Magazine Publishers' Association. He asked me to meet with him and a representative of Time, Inc., to which I consented. The next day the three of us got together to discuss my subsidy limitation bill. When I would not agree with them or yield to their pressure, I knew what to expect.

You do not have to offer a subsidy-limitation bill to offend these irresponsible publishers. You can get on their blacklist by actively supporting progressive and humanitarian legislation, particularly when it is in conflict with their philosophy and selfish interest.

Not a Member of Congress is immune from unscrupulous smear attacks in connection with his stationery account. If there be such a thing as a perfect man, even he could be held up to ridicule and be smeared in an effort to discredit him and destroy his good reputation.

There is more at stake than the honor and reputation of House Members. Monopoly power over the vital sources of news and information used irresponsibly and unscrupulously adds to growing immorality, causes disrespect for government, confusion and distrust.

Rigged quiz shows and rigged prize fights have shocked the American people. Immoral as they are, they are no more immoral and certainly less dangerous to our democracy than the rigging of news and information by irresponsible publishers who behind a smoke screen are now campaigning to elect the next Congress—a Congress that will bend to their might and will.

If the publishers of Life have an ulterior motive for smearing one Member of Congress, how can they be trusted on anything they publish?

I have no desire to defend wrongdoing by any Member. But there should be some assurance for honorable and respected Members of the House that information obtained on stationery accounts or on travel expenditures will not be distorted, peddled and sold for smear purposes in the congressional elections this year.

This is a lucrative racket which offers big monetary rewards for unscrupulous individuals. It also provides an opportunity to special interest groups, of which Life publishers are a part, to distract public attention from real and vital issues. For this reason, I believe the House should act on my proposal.

AMERICAN DETRACTORS

The SPEAKER. Under previous order of the House, the gentleman from Indiana [Mr. BRAY] is recognized for 5 minutes.

Mr. BRAY. Mr. Speaker, all of us were distressed to receive the word yes-

terday that the Japanese Government had requested an indefinite postponement of President Eisenhower's visit. It is also distressing that comments have been made by some of our country's less responsible critics. Last night, I am told, one of these critics on a television news program blamed the riots in Japan on the fancied military weakness of the United States.

Mr. Speaker, many of us have been saddened by those Americans who take delight in belittling their own country as to military, scientific and economic strength. They seem to take sadistic pleasure in attempting to prove that America is a second-class country. It is also sad that some of these would-be detractors of America's greatness hold positions of responsibility in our country. However, I am certain that those who would prove America is second-rate are far in the minority in our country.

The very fact that Russia would choose this time to beat the anti-American drums throughout the world demonstrates clearly that America is not kowtowing to communism; it is apparent that America is increasing her military strength over that of the Soviet Union. Russia always stirs up trouble and belittles her adversary when her imperialistic aggression is thwarted. The riots in Japan are clearly Communist-inspired. They fear the ratification of the Japanese-American treaty. America, for the last seven years, has been standing firm against Soviet aggression. We are still in Berlin regardless of continued Russian threats. Developments in the last 4 months prove conclusively that America is far ahead of Russia in real military strength. Our long-distance missile program, which was canceled in 1947, shows phenomenal achievement to the world today. We are definitely ahead of Russia in the quality of our military missiles. The last four types of satellites that we have launched show to the scientific world that America is far ahead of Russia in this field and is not second-class, but the real McCoy. But greater than all the other manifestations of strength is the fact that today Russia, and the rest of the world, know that American planes fly over Russia with immunity, something that no country can do to us.

The realization of the world that those same planes that fly over Russia at will could carry a nuclear bomb, places Russia in a second-class position to America. I am not going to discuss American military strength further, for that matter is going to be discussed on the floor of the House in some detail on Monday.

I do, however, want to remind this body that the greatest contribution to the Soviet propaganda campaign of nuclear and military blackmail that has been made unwittingly has come from a handful of noisy detractors of American strength, detractors who have adopted the role of permanent critics of our military policies. The "American second-class powerists," the "missile-gap yappers," and the "crawl on your bellies to Moscowites."

A greater share of the blame for these riots in Japan and indecision displayed

by some of the uncommitted nations must be borne by the detractors of America. Yet we are now subjected to the abuse of these detractors of America. We are treated to the sickeningly ludicrous sound of a chorus of condemnation, bleated out by a choir of drunken drivers, solemnly cursing the evils of drink, as they survey the very wreckage they themselves wrought as they sat bleary-eyed behind the wheel of the vehicle marked "political expediency."

Mr. Speaker, the irresponsible criticism which I have mentioned, I am happy to say, is not joined in by any great percentage of Americans. I am happy to say that the great majority of Americans of both political parties are not attempting to prove that America is second class. On the contrary, the overwhelming majority of the people in America know that America is still the real McCoy.

On Monday, June 20, the members of a Republican task force group which has devoted over 4 months to an intensive study of American strategy and strength will present to this body a report which amply covers that and many other subjects. I have studied this report and I can assure you, Mr. Speaker, that it represents an articulation of the administration's strategy in the cold war, based on the solid foundation of provable facts. It provides a basis for continuing the policies which have made the United States the most powerful nation on the face of the earth, and which will perpetuate and broaden that power until we achieve ultimate victory in the struggle which we call the cold war.

I urge all of my colleagues from both sides of the aisle to be present in this Chamber on Monday, when the report is to be made to Congress. And I challenge those who criticize the strategy outlined in this report to produce a detailed and workable alternative. Until they do, Mr. Speaker, their criticism can only be adjudged to be invalid, and damaging to the Nation which they claim to serve.

WHAT'S HAPPENING TO THE STUDENTS?

Mr. CURTIN. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. JACKSON] may extend his remarks at this point in the Record and may include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. JACKSON. Mr. Speaker, under leave to extend my remarks I include an article from Freedom's Facts Against Communism, a publication of the All-American Conference To Combat Communism, June 1960 issue.

The article follows:

WHAT'S HAPPENING TO THE STUDENTS?

Within the past 8 weeks small bands of students have caused riots and have shaken governments in countries all over the world. They toppled President Syngman Rhee from power in South Korea, brought a change of government in Turkey, caused a \$250,000 riot in San Francisco, and created

serious difficulties for President Eisenhower's visit to Japan.

In all cases, a relatively small number of students have been in the forefront of the riots and demonstrations. But behind them have been numbers of adults inflaming their passions and guiding the direction of their violent excesses.

Not much detail is known here about the student activities in South Korea or in Turkey, but some is known of what happened in San Francisco, and this throws light upon what is happening to students—at least to the small minority of students who get involved in headline grabbing riots.

To keep student activities in perspective, it is necessary to recognize that young people have certain characteristics which make them ideal material for spearheading mass demonstrations and even violent outbreaks. Young people like to be part of a crusade, a movement larger than themselves, with which they can identify themselves, and through which they can gain some degree of self-expression. Young people think more of the need to express themselves and dwell less upon the consequences of their actions than do adults.

HOW TO START A RIOT

If you want to start a riot, one way is to inflame the minds of a few students, throw in a couple of agitators to keep things going, and let nature take its course. Outbreaks of more or less violence have broken out on school campuses from time to time. We have all been through them and their intent was usually innocent enough.

Communists, who are master manipulators of people, know these characteristics of youth, and have consistently sought to exploit them to further Communist schemes. On February 2, Herbert Philbrick, a former FBI undercover agent in the Communist Party, testified to the House Un-American Activities Committee that "by propagandizing among young people, by telling them and by implying to them that this committee and other Government committees are a threat to their free speech, they know that immediately the young person is going to respond. 'Of course, not all young people are duped by such appeal,' said Philbrick, 'but always they are able to confuse a certain small number of young people and, therefore, building upon these appeals, they will exploit them still further.'"

All this is background for what happened in San Francisco on May 12, 13, and 14. On these dates the House Un-American Activities Committee met in San Francisco to hold hearings on current operations of the Communist Party in northern California. A small number of persons were subpoenaed to appear before the committee.

WAVE OF PROTEST

Prior to the arrival of the committee, a wave of protest sparked by such groups as the American Civil Liberties Union, the Lawyers Guild, and west coast longshoremen was rolled up. Those subpoenaed formed themselves into the bay area defense committee. Another group, calling itself the San Francisco Citizens' Committee To Preserve American Freedoms, got into the fray.

According to National Guardian (May 23), faculty members at the University of California at Berkeley and at San Francisco State College signed petitions against the hearings. Faculty members at San Jose State College and at Stanford University published protests.

The Daily Californian, a student paper, reportedly urged students to picket the committee and to attend the hearings "to observe the tenor of what we feel to be in the truest sense 'un-American activities.'"

Then, the real action began. As the hearing opened on May 12, a rally of some 1,000 people was held in Union Square called by the Berkeley Student Committee for Civil

Liberties. There students were agitated by adult speakers, and thence marched to the city hall where student picketing was already going on.

ENTER THE AGITATORS

About 200 people, mostly students, crowded outside the hearing chamber. They were denied entrance to the hearing. Later they began chanting "Open the doors." According to National Guardian, Archie Brown, a longshoreman, demanded that the group be allowed into the hearing room. He and a few others were removed from the premises.

Tension grew the following day when 200 to 250 demonstrators tried to push into the hearing room shouting, "Let us in." Fire hoses were turned on them and they retreated down the stairs where they sat and sang, "We will not be moved," until they were ejected from city hall.

On May 14 San Francisco Police Chief Thomas Cahill reported that the riot, as he called it, was caused by professional agitators. Police Inspector Michael McGuire identified two agitators as Archie Brown, a longshoreman, and Merrill Brodsky, an unemployed tile setter. On May 17 San Francisco Mayor George Christopher estimated that the riot cost taxpayers an estimated \$250,000.

Significantly, very few students were involved in the violent stage of the demonstrations, and these evidently were egged on by professional agitators. The real intent of the demonstration was disclosed by National Guardian as an attempt to "drive a spike in the committee's coffin" by curtailing the investigations of the House Committee on Un-American Activities, or even to close it down altogether.

ONLY THE REDS CAN BENEFIT

Without assigning motives either to anyone involved in the demonstrations or to those reporting the riots in a favorable light, it can be deduced that the only people directly benefiting from any curtailment of the work of the House Committee on Un-American Activities would be the Communists who are being investigated.

A question this student riot in San Francisco might well raise is how well are American students equipped to comprehend appeals to join in actions which will benefit the plans of the Communist Party. Herbert Philbrick testified that "the Communists know that our young people lack training and lack education concerning communism. * * * Hence, they know that young people are vulnerable to their attacks."

"In other words, the Communists know that, if they can weaken or if they can destroy the loyalty of our young people in our country and all that it stands for, they will be a long way toward eventual victory over the United States and the free world."

Student outbreaks in the United States and around the world pose a challenge to educators and to parents who want to preserve and strengthen a world in which men and women can enjoy individual political, economic, and religious freedom.

MUTUAL SECURITY APPROPRIATIONS BILL FOR 1961

Mr. CURTIN. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. BARRY] may extend his remarks at this point in the Record and may include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BARRY. Mr. Speaker, we have before us a seriously curtailed Mutual

Security Appropriations bill for 1961. Once again we are witnessing a sort of numbers game, a blind playing with figures which is indeed shocking. At this moment when the Soviet Union has once again stepped up a hard overt anti-Western campaign across the world from Cuba to Japan where they have been able to effectively prevent the U.S. President from paying a visit, even against the wishes of the Japanese Government, once again we find people suggesting that our enormously important mutual security program should be reduced.

I want to commend those members of the Appropriations Committee who realistically faced up to our international needs and signed the minority report on this bill. This minority report sets forth quite clearly the serious consequences of the drastic cuts in the military assistance and defense support programs. When the President's advisors, the men most intimately connected with and knowledgeable about these programs, decided that \$2 billion was needed for military assistance, then a cut of \$400 million is a very serious matter. In this hour of the cold war, it is difficult to comprehend just what penny wisdom and pound foolishness can prompt such reasoning.

The same thing can be said of reducing the Development Loan Fund appropriation to \$550 million. With complete disregard of reality, I am amazed to read in the committee report that some \$298 million of already committed, but still unspent DLF funds are available for 1961 expenditure. Can the Members who assess the value of our foreign-aid program be unaware of the administrative procedures of committing funds prior to their final obligation? I find difficulty in believing so, but what other explanation can there be for such reasoning as one reads in the committee report on H.R. 12619? Sound and careful management necessitate long leadtimes making absolutely necessary sizable already committed but not yet finally obligated funds. These facts are apparently overlooked or ignored by those who may unwittingly support a watered-down mutual security bill that carries with it a substantial reduction in Development Loan funds.

The Development Loan Fund is one of the soundest of our programs. I made a study of it around the Mediterranean last year. I came back impressed with the encouraging fact that gradually our aid program is more and more taking the form of loans. Each year less is required to be just given away with no expectation of repayment.

In Israel, a country of 2 million, a strong point in the turbulent Middle East, our first outright gifts of funds are being supplanted by loans, all repayments of which have to date been made promptly when due. Furthermore, the Israelis are now sending technical aid to other underdeveloped countries. Our moneys have helped in research which may lead to important findings in the prevention of cancer among other things.

In Spain, our loans to establish irrigation projects are increasing agricultural production by 10 percent.

In Turkey, with 26 million people and an army of 500,000 ready to die if need be to prevent the spread of Communist rule to the Mediterranean, a proposed \$150 million steel mill has been financed in part by the Development Loan Fund. A new \$80 million railroad binding Turkey to Iran, another ally, will do much to increase their balance of payments of foreign exchange through steel exports and to develop the lumber industry of the hinterland and increase trade.

In barren Greece, I saw the proposed fertilizer plant to make them an exporter of foodstuffs and the proposed hydroelectric powerplant to develop the bauxite deposits into an aluminum industry. We have given economic hope to these valiant fighters for freedom in their struggle to survive in the competitive free world.

Our total nonmilitary foreign aid program is less than three-fourths of 1 percent of our total gross national product. The aid is only a fraction of what it would cost to buy the kind of security we were getting. This aid program represents the cheapest form of freedom insurance our tax dollar could buy.

We cannot abdicate our leadership of the world to the U.S.S.R. There is no question but that as new nations are born in Africa, as revolutionary new regimes seize power in Latin America, as the struggle goes on to balance a vast population increase with increased economic productivity in Asia, the United States is witnessing an intensification of the struggle with Communist dictatorship around the world. Curtailing of foreign aid programs at this time will only aid the Soviet Union. As colonial powers withdraw, Russia is advancing her so-called preclusive development program, moving in rapidly to fill the void and take over these weak new nations who must have help to survive. "If we do not, the Russians will," is a phrase scoffed at by some, repeated so often that it has almost become a cliché. I say it should be rephrased "Where we have not the Russians have." It is not idle speculation. It has and is happening. Witness Egypt. We wouldn't build the Aswan high dam and so Nasser has turned to Russia. Today, at this moment, the Russians are building the greatest project for Egypt since the Pyramids.

When all the colonial areas in Africa gain their independence, we will have at least 25 new nations, all with equal votes in the U.N. Their combined vote will outweigh the United States and its present allies. Private investment abroad is inadequate to the capital needs of these newly emerging nations. The United States would be risking her international leadership by reducing her unilateral foreign aid at a time when Russia is expanding hers in these areas.

Mr. Speaker, unless the United States is to abdicate leadership in many areas of the world, we must support the carefully thought out requests of the President. Politically inspired foreign aid cuts are not economy, they are a dangerous withdrawal in a battle being fought across the world for the survival of our way of life.

TECHNICAL AMENDMENTS TO THE INTERNAL REVENUE CODE

Mr. CURTIN. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. BYRNES] may extend his remarks at this point in the Record and may include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BYRNES of Wisconsin. Mr. Speaker, I have today introduced legislation making certain technical amendments to the Internal Revenue Code. In explanation of the bill and the amendments I include as part of my remarks a letter from Jay W. Glasmann, assistant to the Secretary of the Treasury.

The letter follows:

OFFICE OF THE SECRETARY OF
THE TREASURY,
Washington, June 16, 1960.

HON. JOHN W. BYRNES,
House of Representatives,
Old House Office Building,
Washington, D.C.

DEAR MR. BYRNES: In a recent conversation you inquired as to the status of the Technical Amendments Act of 1960, H.R. 9625 and H.R. 9626. As you know, these two bills which were introduced on January 14, 1960, would amend certain of the income and administrative provisions of the Internal Revenue Code of 1954.

This legislation was introduced at the request of the Treasury Department in order that it might be made available to the general public for their study and comment. Since that time we have received numerous comments and suggestions which have been most helpful to us in evaluating the merits of the original proposals.

In brief, certain of the proposals received widespread approval as being either necessary or desirable additions to our tax laws. Other proposals proved more controversial in that there was some difference of opinion as to their merits.

It was your hope that the provisions which had found general acceptance might be considered this year by the Congress. Moreover, you indicated your desire to sponsor a bill containing these provisions. Accordingly, I am submitting a list of seven provisions which have found general acceptance. In my opinion, these proposals will correct certain income tax inequities and hardships as well as remove certain impediments in the orderly and efficient operation and administration of the internal revenue system.

A brief discussion of each of these provisions follows:

1. Definition of a dependent: This provision would correct an unintended defect in the Internal Revenue Code of 1954 by restoring dependency exemptions for nationals of American Samoa and Swains Island (primarily children of U.S. naval personnel, numbering around 100).

2. Obligation of the United States owned by a foreign central bank of issue: This amendment provides, in the case of foreign central banks of issue (quasi-governmental institutions), for tax exemption of interest on U.S. bonds, as with interest on bank deposits and banker's acceptances. Such interest is now exempt if the bank is an integral part of the foreign government. The exemption will not apply to interest on bonds used in connection with any commercial functions.

3. Election of certain partnerships and proprietors as to taxable status: This provision (1) permits a partnership which has

elected to be taxed as a corporation to apply the tax-free reorganization provisions if it actually becomes a corporation; and (2) requires that the election to be taxed as a corporation be made in the last month of the preceding year or the first month of the current year for which it is to be so taxed.

4. Declaration of estimated income tax by individuals: This provision is intended to eliminate the filing of 1.7 million non-taxable declarations of estimated tax by (1) increasing the "other income" limit from \$100 to \$200; and (2) providing that no declaration need be filed where the estimated tax is less than \$40. Also, to simplify filing requirements, the gross income test of \$400 plus \$600 times the number of exemptions is eliminated.

5. Place for filing tax returns: This provision would require individuals living abroad and other taxpayers (including corporations) claiming the benefits of foreign income provisions to file their returns at the office designated by the Secretary rather than in the district where they claim legal residence or place of business.

6. Disclosure of information as to persons filing income tax returns: This provision eliminates the requirement that district directors make available to the public lists of all persons filing income tax returns, and substitutes the requirement that the district directors merely state whether or not a specific person has filed a return.

7. Criminal penalty for claiming a false or fraudulent deduction for exemption: This amendment provides that claiming a false or fraudulent deduction for a dependent shall be treated as a misdemeanor rather than a felony. It also repeals section 7207 which the Justice Department has found to be an impediment rather than an aid in criminal prosecutions.

Sincerely yours,

JAY W. GLASMANN,
Assistant to the Secretary.

WHOSE SURPLUS IS THIS? NOT THE TAXPAYERS

Mr. CURTIN. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. RIEHLMAN] may extend his remarks at this point in the RECORD, and may include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RIEHLMAN. Mr. Speaker, the Congress by this time should be very much aware of the growing public dislike for the obsolete and costly farm programs under which we have operated for more than a generation.

Farmers are frequently blamed for the wasteful programs now applied to a minority group in American agriculture. But the fact remains that four-fifths of agriculture is free of Government controls and the programs that apply to the remaining one-fifth were enacted right here in the Congress years ago.

Taxpayers, including farmers, are getting tired of price fixing which has resulted in depressed prices for some commodities and production controls that never have worked.

This view is reflected by a recent editorial in the Syracuse (N.Y.) Herald-Journal which I now submit for the RECORD.

WHOSE SURPLUS IS THIS? NOT THE TAXPAYERS

There's gravy in wheat but not the kind you spread over pork chops.

Last year, 96 factory-style farms collected more than \$50,000 each in cash loans on their wheat.

A corporation in Montana was paid \$123,000. A firm in Idaho collected \$145,000. Another in Oregon received \$146,000.

Secretary of Agriculture Benson has recently taken steps to put the 1961 program into operation.

He is required, by law, to do this by May 15.

This means, in turn, a guarantee that the 1959 abuses will be repeated.

No wonder such wide public distrust of farm support programs has developed.

The administration has appealed to Congress for a new approach because present programs, designed to control surpluses, don't.

So far the answer has been in the negative. Thus, the application of present marketing quotas and establishment of support prices under the old laws.

Congressional inaction is laid to election year fear of the farm bloc.

What isn't considered is election year reaction by the taxpaying bloc.

POLITICAL EXPRESSION BY VIOLENCE

Mr. CURTIN. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. HESTAND] may extend his remarks at this point in the RECORD and may include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. HESTAND. Mr. Speaker, I am aghast that some of our most respected editorial writers in the Washington press this morning are sounding notes reminiscent of the wailing first practice of a schoolboy band. They cry "defeat." Why?

Seizing upon Japan's tragic crisis, there emanates from our local press a most discordant dirge—dolefully bemoaning our defeat—implying that we have been drummed-out from our seat of prestige and power in the councils of the world.

Come, come gentlemen—have ye so little faith and such small courage to peer more carefully through the smoke and mist being blown up by our enemies? Are not the trumpets in Tokyo the same trumpets which have sounded at Montevideo, Ankara, and Havana? The baton twirlers prance to the same tune. The paid students obviously chant the same fanatic anthem. But I am surprised that such experienced critics are now listening with only one ear. Under such circumstances, it is most difficult to determine the direction from which the sound comes—and the direction it is going.

The pitch pipe was sounded at the summit. The prelude was conducted from Peiping. We are hearing only the second stanza—its crescendo is aimed at drowning out the voice of democracy in Japan. The President's visit is but a part of our side of the picture. Japan is an important part of our peace perimeter. This is the significant issue today. Decisions affecting the world for a decade or more are being made in Japan—deciding Japan's position in the world of free nations. These decisions should be made in Japan's own way.

Political expression by violence has been the practice in the Orient since the days of Genghis Kahn. Why should we expect radical changes overnight? The course of these events have shown that it would be vastly imprudent for us to inject ourselves into this aspect of their affairs—this was not the purpose of the President's visit. Thus, while Kishi's decision to cancel the President's visit to Japan might be called a personal disappointment—it is far from being a defeat.

The Kremlin and Peiping just as vigorously are seeking to affect our own political scene. But, the world has long respected the U.S. position abhorring blackmail and violence as political tools.

Are you now suggesting, honored gentlemen of Washington's press, that we renounce this respected position in the interest of partisanship in domestic politics? Shall we fight insults with invectives? Is not "discretion the better part of valor"? It has been said with great justification that "fools rush in where angels fear to tread."

RESOLUTIONS OF CALUMET COUNTY BOARD OF SUPERVISORS

Mr. CURTIN. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. VAN PELT] may extend his remarks at this point in the RECORD and may include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. VAN PELT. Mr. Speaker, I extend my remarks at this point in the body of the RECORD and include two resolutions adopted by the Calumet County Board of Supervisors.

I commend these county officers for the sound position they adopted in each resolution.

RESOLUTION 3

Resolution petitioning the Congress of the United States to give favorable consideration to legislation providing benefits for veterans of World War I and for other purposes

Whereas many hundreds of thousands of our Nation's finest citizens served the cause of democracy during the period of World War I; and

Whereas a large number of these veterans have now reached the age and circumstances in which they are no longer self-supporting, as well as suffering illnesses and infirmities aggravated by this honorable service to their country; and

Whereas through no fault of their own, they have largely become a class of forgotten men, many of whom are close to the grave: Now, therefore, be it

Resolved by the Board of Supervisors of Calumet County, Wis., That this body recognizes the predicament of these veterans of World War I, and petitions the Congress of the United States to give favorable consideration to legislation providing benefits to the aged, ill, and disabled veterans of this Great War in the form of pensions or any other means which will provide relief so vitally needed; be it further

Resolved, That a copy of this resolution be forwarded to the President of the United States, to the Director of the Veterans' Administration, to the Director of the U.S. Bureau of the Budget, to the chairman of

the House Committee on Veterans' Affairs, and to each member of the Wisconsin delegation in the Congress.

Dated this 14th day of June 1960.

Passed and adopted by the Calumet County Board of Supervisors on June 14, 1960.

ROLAND E. MILLER,
County Clerk.

Resolution pertaining to Federal aid to aged persons

Whereas the Congress of the U.S. Government is now considering the adoption of a program subsidizing medical care for the aged; and

Whereas such various plans as now formulated do not carry proper economical methods of financing and will only lead to additional tax burden to all taxpayers; and

Whereas Calumet County has always provided sufficient medical care to its aged persons and feels that it is the responsibility of each community to provide such care to its aged people; and

Whereas any Federal program providing such care to aged people would entail much greater administrative costs and only lead to the building of another Federal bureaucracy at great expense to the taxpayers: Now, therefore, be it

Resolved by the Calumet County Board of Supervisors in meeting duly assembled this 14th day of June, A.D., 1960, That it goes on record against any form of Federal subsidy for medical care for aged people and openly announces that it is the intent of Calumet County to provide such medical needs to its aged people; be it further

Resolved, That copies of this resolution be sent to the Wisconsin Senators, ALEXANDER WILEY and WILLIAM PROXMIRE, and to the Congressman of the Sixth District, WILLIAM K. VAN PELT.

Passed and adopted by the Calumet County Board of Supervisors on June 14, 1960.

ROLAND E. MILLER,
County Clerk, Calumet County.

EIGHTEEN-DAY BOYCOTT ON JAPANESE IMPORTS

Mr. CURTIN. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. HOSMER] may extend his remarks at this point in the RECORD and may include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. HOSMER. Mr. Speaker, the hostile, anti-American attitude expressed by Communist-agitated Japanese mobs is an affront not only to President Eisenhower, but to all Americans.

Despite the atrocities in the Pacific during World War II, despite the killed and wounded-in-action lists issued daily from the infamy at Pearl Harbor to the war's very end, in victory we extended the hand of brotherhood. Americans forgave and contributed much of our wealth and effort to rebuilding Japan.

The American people and the U.S. Government expressed to Japan and its people a compassion unparalleled in history. The reward of hate and violence we have received during the past few days is a bitter thing.

Similar affronts have occurred from elsewhere, such as Cuba under Castro, under circumstances where individual Americans were powerless to express effectively their disapproval. But today's

situation is one in which individual Americans have a unique opportunity personally to protest in a compelling manner.

That is by temporarily refusing to purchase any Japanese imports.

I emphasize the word "temporarily" because as a people and as a nation we are not anti-Japanese, nor have we cause to be. We recognize it is a manipulated minority in Japan responsible for the disorder. We recognize the vast majority of Japanese are friendly to the United States and regret the course of events as much as we do. Yet, that majority has been unable to compel the minority of extremists to cease disturbing the relationships between our nations and affronting our leaders, our Government and our people.

We Americans, on the other hand, have it within our power to express our rightful indignation. We have an opportunity to advise all nations that as a people we do not receive insults and indignities without affront. In so doing we have the opportunity to dramatize our strong basic moral fiber and our determination and ability to resist lawlessness and disorder.

For myself, I have determined that from today until midnight on the 4th of July I shall make no purchase of any article made in Japan or fabricated from an item imported from Japan.

I hope my countrymen see fit to join me in this 18-day boycott.

I take this course regretting its necessity and with the emphatic expression that it is not to be construed in derogation of the vast majority of the Japanese people who are as dedicated as we are to good relationships between us.

However, as between the alternatives of submitting to these indignities without protest or protesting them by the means available to us as individuals, I believe our honorable choice is clear.

PAUL BROWN—GENTLEMAN

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. MULTER] may extend his remarks at this point in the RECORD and may include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. MULTER. Mr. Speaker, earlier this week the members and staff of the House Banking and Currency Committee gathered together to pay tribute to our very distinguished colleague and able legislator, the gentleman from Georgia, Mr. PAUL BROWN. Those who know him, heard with regret the announcement that he would retire at the end of this session.

All in attendance, as well as the few who were unavoidably absent, eloquently expressed their respect, their admiration, yes, their affection, for PAUL.

While all of us want him to do the things he wants to do, and wish him and his family long life, good health, and the utmost of happiness, it saddens us to know that he will not be with us in the next session of Congress.

For 14 terms his integrity, his knowledge, his competence, all coupled with his genial personality, have been a leveling influence in bringing about the enactment of legislation in the best interests of our country. He served his people and his Nation long and well. He was always willing to compromise on form to advance principle but he never compromised on principle.

It is unfortunate that we did not take a stenographic report of the nice things that were said about PAUL, led by the remarks of our distinguished chairman, the gentleman from Kentucky, Mr. BRENT SPENCE. I am sure that before this session ends he and our other colleagues will have an opportunity to express themselves to the same effect on the floor of the House.

In the meantime, however, I take this time to call attention to a part of the beautiful remarks made about PAUL BROWN by our distinguished colleague from Alabama, Mr. ALBERT RAINS. During the course of his remarks he read a poem which he had written. With his permission, I give it to you as follows:

SONG OF THE SAVANNAH

(With apologies to the great Georgia poet, Sidney Lanier, and his famous verse "Song of the Chattahoochee.")

Near the hills of Habersham
Close to the valleys of Hall
For one score years and seven
He's been our colleague PAUL.
And he is one among us
Who's answered every roll,
Who knows by intuition
When the bells will toll.
In his first race for Congress
Back in '33
PAUL beat nine opponents
And then he was free—
Until 2 years ago
Down on the Georgia plain
A lady ran for Congress
And PAUL had a campaign.

To the BROWN record Georgians pointed with pride

And the voters got the message distinct
For when the polls had all closed down
The lady didn't have one precinct!

Now one would suppose, in speculation,
That Southeast Power Administration
Would be located in Atlanta
But headquarters are at Elberton
Close to the Savannah
And Elberton happens to be hometown
Of the gentleman from Georgia, Mr. BROWN.

There is one thing in his career
For which all Crackers hold him dear
And sing a loud and long hosanna
To PAUL—Father of the Savannah
Since Clark's Hill Dam is finished
And Hartwell has a spill
Because our colleague here
Always kept his shoulder to the wheel.

A friend of the farmers
Whom the veterans renown
The Independent Bankers call him
Sweet Georgia BROWN.

Now a great romance is ending
We knew it would one day
Mrs. BROWN is taking PAUL
Away from Fannie Mae.

Away from Commodity Credit
Away from Soil Conservation
Away from FDIC
And from Rural Electrification.

Back to the Georgia Bull Dogs and back to Augusta
Where PAUL can while his time away
Watching Eisenhower at play.

As we part with sorrow
I doubt there will be a morrow
When we can view with real contentment
A committee bill without a Brown amendment.

Our dear friend will be far, far from the
maddening cry
Rocking on his lawn as the Savannah rolls
by
Close to the hills of Habersham
Near to the valleys of Hall.

SIGHTSEEING SERVICE AND MASS TRANSPORTATION IN THE DIS- TRICT OF COLUMBIA

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. MULTER] may extend his remarks at this point in the RECORD and may include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. MULTER. Mr. Speaker, on Wednesday afternoon the House, in the Committee of the Whole, started the consideration of H.R. 4815, a bill entitled, I should say misentitled: "To insure effective regulation of D.C. Transit System, Inc., and fair and equal competition between D.C. Transit System, Inc., and its competitors."

Further consideration and action on the bill will no doubt come before the House very shortly.

I earnestly urge all those Members who did not have an opportunity to hear the debate to read the same as it appears in the RECORD of June 15, 1960, which begins at page 12731 and ends at page 12737.

My own remarks appear on page 12734. I can recall no other bill of an allegedly general nature which ever came before the Congress that sought to pick out a single company by name and regulate that company, ignoring all other companies in a similar position. The purpose of the bill as expressed at the opening of the hearings before the Interstate and Foreign Commerce Committee is to prevent the D.C. Transit System, Inc., from engaging in the sightseeing business.

Its right to engage in that business was granted to it as a part of the franchise the Congress gave to that company as a part of its operation of a mass transportation system for the District of Columbia.

During the course of the debate it was urged, in opposition to the bill, that all companies engaged in mass transportation, including the predecessor of D.C. Transit, engaged in sightseeing service as an incident to their business. That statement of fact was disputed by the sponsors of the bill, one of whom said that D.C. Transit System's predecessor had only engaged in the sightseeing business to the extent of about \$40,000 a year—page 12732—and another said that that business was "a matter of sufferance" and that now under the specific grant in the present franchise D.C. Transit System had become a strong competitor, particularly of Gray Line

which is the principal advocate of this bill.

I have researched the matter and I desire to call to the attention of the House some interesting facts.

At page 255 of the hearings before the Interstate and Foreign Commerce Committee it is specifically stated that prior to D.C. Transit System's obtaining its franchise its predecessor had done "about \$250,000 worth of business, which was about 1 percent of the total business done by the transit business." The records of the Public Utilities Commission show that in the 3 years prior to D.C. Transit System's obtaining its franchise, its predecessor company had done sightseeing business of from \$240,000 to \$274,000 a year.

In support of the bill the charge was also made that no other mass transportation companies engage in the sightseeing business. This is directly contrary to the fact.

Before reporting this bill the Interstate and Foreign Commerce Committee asked the Public Utilities Commission to examine into the entire question and report its findings to the committee. The Public Utilities Commission did that and its report is dated January 15, 1960. It is a part of the records of the committee and is open to the examination and inspection of every Member of Congress.

In that report the Commission found that D.C. Transit enjoyed no advantage over its competitors, it received no subsidy, and that its predecessor had engaged in the sightseeing business over a long period of years.

More important, it found that the sightseeing service was traditionally related to mass transit service throughout the country and that in the Washington metropolitan area, four mass transit companies engaged in sightseeing operations and that they could not remain in the transit business if they were subjected to legislation similar to H.R. 4815.

On page 10 of its report, the Commission said:

A careful review of the practices in other comparable cities indicates that most of the local transportation companies conduct both mass transit operations and charter and sightseeing operations.

A Senate subcommittee of its Committee on the District of Columbia sent out questionnaires to regulatory agencies in metropolitan areas asking whether or not they limited the sightseeing operations of mass transportation companies. Nine of twelve answers were "No." Two of them said they were limited to the originating territory.

Another question was whether the sightseeing operations were carried on independently of the mass transportation operations. Eleven of the twelve answered "No" and the 12th said it had no jurisdiction in the matter.

The Public Utilities Commission found that the employment of assets and personnel in sightseeing services by D.C. Transit was in the public interest—page 11.

The Commission concluded that this bill "is not an appropriate method to in-

sure fair and equal competition between D.C. Transit and its charter and sightseeing competitors"—page 13.

In his opening remarks, the distinguished chairman of the Interstate and Foreign Commerce Committee said—page 12732:

This is a fight primarily and principally between the D.C. Transit Co. sightseeing and charter operation and the Gray Lines sightseeing and charter operation.

That is the fact.

As I pointed out in my remarks the other day, the Gray Line is the real big operator and monopolist in the sightseeing business in the District of Columbia.

Its sightseeing business is about \$1,300,000 a year as against that of its nearest competitor, the D.C. Transit System, with less than \$500,000 a year. A necessary incident of the sightseeing business is the ability to supply hotel accommodations. Gray Line controls, under exclusive contracts, more than 12,000 hotel rooms in the District of Columbia. Its nearest competitor controls about 1,500 rooms.

But let us see how badly Gray Line has been hurt, if at all, by D.C. Transit competition. The records on file in the office of the Public Utilities Commission show that in 1955, before D.C. Transit came into Washington, Gray Line had a passenger revenue of \$914,640 and showed a net loss of \$34,182 for that year. In 1959, after 3 years of competition with D.C. Transit, Gray Line showed passenger revenues of \$994,819 with a net profit of \$42,952. The difference from loss to earnings during the 3-year period, to the benefit and advantage of Gray Line, is approximately \$77,000.

In anticipation of the debate on this bill a survey was made of the sightseeing buses in the Capitol Hill area during the off hours—that is, the hours outside peak mass transit hours—during the week of June 8 to June 15, 1960. There were found, by actual physical count in that area, 267 charter and sightseeing buses; 46 belonged to the Gray Line, 23 to D.C. Transit, and the balance of 198 to other companies in lesser numbers.

This is indeed bad legislation—unfair, discriminatory, and unconstitutional.

I hope our colleagues will reject it.

ADJOURNMENT OVER UNTIL MONDAY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet on Monday next.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

POSTPONEMENT OF ROLLCALL VOTES ON MONDAY AND TUESDAY OF NEXT WEEK

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that on Monday and Tuesday next any record votes, rollcalls on bills or on motions to recommit, may be put over until Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. GROSS. Mr. Speaker, reserving the right to object, as I understand, there are 20 bills to come up under suspension on Monday, or approximately that many, is that correct?

Mr. ALBERT. The gentleman is correct. Some of those will probably be passed on the Consent Calendar.

Mr. GROSS. I do not have the slightest idea about any of these bills that are on the suspension calendar for Monday. Having no knowledge of what the bills contain, I am constrained to object to putting the votes over from Monday until Wednesday. I am constrained to object, Mr. Speaker, and I do object.

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that any rollcall votes on motions to recommit or on the passage of bills or amendments thereto on Tuesday next may be put over until Wednesday next.

Mr. GROSS. Reserving the right to object, Mr. Speaker, do I correctly understand that there are two bills coming up on Tuesday, and only two bills? One is the farm bill and one is the so-called zinc bill?

Mr. ALBERT. That will be taken up after the disposition of the farm bill.

Mr. GROSS. There will be just those two bills?

Mr. ALBERT. That is right.

Mr. GROSS. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. RHODES of Pennsylvania, for 10 minutes, today.

Mr. BRAY, for 5 minutes, today.

Mr. NELSEN (at the request of Mr. CURTIN), for 1 hour, on Monday, June 27.

Mr. MICHEL (at the request of Mr. CURTIN), for 30 minutes, on Tuesday, June 21.

Mr. LINDSAY (at the request of Mr. CURTIN), for 1 hour, on Thursday, June 23.

Mr. STRATTON (at the request of Mr. ALBERT), for 1 hour, on Thursday next.

Mr. HEMPHILL (at the request of Mr. ALBERT), for 1 hour, on Monday, June 27.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. DULSKI.

Mr. HECHLER and include extraneous matter.

Mr. MEADER, to revise and extend the remarks he made in the Committee of the Whole on the mutual security bill and include an article by Mr. Vance Bland in the General Electric Defense Quarterly, and also an exchange of cor-

respondence between himself and a member of the staff of the White House.

(At the request of Mr. CURTIN, and to include extraneous matter, the following:)

Mr. VAN ZANDT.

Mr. OSMERS and to include a chart.

(At the request of Mr. ALBERT, and to include extraneous matter, the following:)

Mr. FLOOD.

Mr. HARRISON and to include tables.

Mr. TOLL.

Mr. ROUSH.

Mr. EDMONDSON.

Mr. THORNBERRY.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2929. An act to amend the National Defense Education Act of 1958 in order to repeal certain provisions requiring affidavits of belief; to the Committee on Education and Labor.

ENROLLED BILL SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 9883. An act to adjust the rate of basic compensation of certain officers and employees of the Federal Government, and for other purposes.

SENATE ENROLLED JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled joint resolution of the Senate of the following title:

S.J. Res. 39. Joint resolution proposing an amendment to the Constitution of the United States granting representation in the electoral college to the District of Columbia.

ADJOURNMENT

Mr. ALBERT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 16 minutes p.m.), under its previous order, the House adjourned until Monday, June 20, 1960, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2272. A letter from the Chairman, Foreign Claims Settlement Commission of the United States, transmitting the report prior to restoration of balances for the period as of June 15, 1960, pursuant to Public Law 798, 84th Congress; to the Committee on Government Operations.

2273. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation entitled "A bill to repeal the act of October 22, 1919 (41 Stat. 293; 43 U.S.C., secs. 351-355, 357-360), and the act of September 22, 1922 (c. 400, 42 Stat. 1012;

43 U.S.C., sec. 356), and to require that entrymen of lands in Nevada under the Desert Land Act be resident citizens of Nevada"; to the Committee on Interior and Insular Affairs.

2274. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting a copy of the order granting the application for permanent residence filed by Allen Shih-Chun Hsiao, A7957556, pursuant to the Refugee Relief Act of 1953; to the Committee on the Judiciary.

2275. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders suspending deportation as well as a list of the persons involved, pursuant to the Immigration and Nationality Act of 1952; to the Committee on the Judiciary.

2276. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders entered in cases where the authority contained in section 212(d)(3) was exercised in behalf of such aliens, pursuant to the Immigration and Nationality Act; to the Committee on the Judiciary.

2277. A letter from the Acting Secretary of State, transmitting the eighth report on the extent and disposition of U.S. contributions to international organizations for the fiscal year 1959, pursuant to section 2 of Public Law 806, 81st Congress (H. Doc. No. 418); to the Committee on Foreign Affairs and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FALLON: Committee on Public Works. H.R. 11240. A bill to amend title 23, United States Code, to provide for participation of Federal-aid highway funds in the construction of approach roads to ferry facilities on the Federal-aid system; without amendment (Rept. No. 1895). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 8697. A bill to amend the District of Columbia Redevelopment Act of 1945 with respect to the requirements for adoption of a redevelopment plan for a project area; with amendment (Rept. No. 1911). Referred to the Committee of the Whole House on the State of the Union.

Mr. LANE: Committee on the Judiciary. H.R. 11136. A bill for the relief of Princess Anne County School Board, Virginia; with amendment (Rept. No. 1912). Referred to the Committee of the Whole House on the State of the Union.

Mr. WILLIAMS: Committee on Interstate and Foreign Commerce. S. 1508. An act to provide for economic regulation of the Alaska Railroad under the Interstate Commerce Act, and for other purposes; without amendment (Rept. No. 1913). Referred to the Committee of the Whole House on the State of the Union.

Mr. WILLIAMS: Committee on Interstate and Foreign Commerce. S. 1509. An act to amend the Interstate Commerce Act, as amended, to provide "grandfather" rights for certain motor carriers and freight forwarders operating in interstate or foreign commerce within Alaska and between Alaska and the other States of the United States, and for certain water carriers operating within Alaska, and for other purposes; with amendment (Rept. No. 1914). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROBERTS: Committee on Interstate and Foreign Commerce. House Joint Reso-

lution 649. Joint resolution relating to the authority of the President, the Secretary of Health, Education, and Welfare, and the Surgeon General of the Public Health Service to provide for international cooperation in health research and research training, and for other purposes; with amendment (Rept. No. 1915). Referred to the Committee of the Whole House on the State of the Union.

Mr. DAVIS of Georgia: Committee on Post Office and Civil Service. S. 2857. An act to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such act; with amendment (Rept. No. 1916). Referred to the Committee of the Whole House on the State of the Union.

Mr. HARRIS: Committee on Interstate and Foreign Commerce. S. 1965. An act to make uniform provisions of law with respect to the terms of office of the members of certain regulatory agencies; with amendment (Rept. No. 1917). Referred to the Committee of the Whole House on the State of the Union.

Mr. THORNBERRY: Committee on Rules. House Resolution 564. Resolution for consideration of H.R. 12261, a bill to amend the Agricultural Adjustment Act of 1938, as amended, and the Agricultural Act of 1949, as amended, with respect to market adjustment and price support programs for wheat and feed grains, to provide a high-protein food distribution program, and for other purposes; without amendment (Rept. No. 1918). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LANE: Committee on the Judiciary. S. 285. An act for the relief of John A. Skendore; without amendment (Rept. No. 1896). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. S. 1454. An act for the relief of Keitha L. Baker; without amendment (Rept. No. 1897). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. S. 2113. An act for the relief of George K. Caldwell; without amendment (Rept. No. 1898). Referred to the Committee of the Whole House.

Mr. TOLL: Committee on the Judiciary. S. 2277. An act for the relief of the Geo. D. Emery Co.; without amendment (Rept. No. 1899). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. S. 2817. An act for the relief of Joseph R. Paquette; without amendment (Rept. No. 1900). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 7618. A bill for the relief of H. P. Lambert Co., Inc., and Southeastern Drilling Corp.; with amendment (Rept. No. 1901). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 7792. A bill for the relief of Martin A. Mastandrea; without amendment (Rept. No. 1902). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 8885. A bill for the relief of William L. Berryman; with amendment (Rept. No. 1903). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 9715. A bill for the relief of Otis Drink-

ard; with amendment (Rept. No. 1904). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 10152. A bill for the relief of Miss Marie E. Mark; with amendment (Rept. No. 1905). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 11420. A bill for the relief of Ferdinand Hofacker; without amendment (Rept. No. 1906). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 11562. A bill for the relief of the Maritime Museum Association of San Diego; without amendment (Rept. No. 1907). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 11791. A bill to confer jurisdiction on the U.S. Court of Claims to hear, determine, and render judgment on the claim of Paul Bernstein against the United States; with amendment (Rept. No. 1908). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 12475. A bill for the relief of Claude L. Wimberly; without amendment (Rept. No. 1909). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 12476. A bill for the relief of John H. Esterline; without amendment (Rept. No. 1910). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. THORNBERRY:

H.R. 12699. A bill to cancel a deed of trust to the United States from the predecessor in name of Gallaudet College and any evidence of indebtedness related to the same transaction, to quiet the college's title to property belonging to it, and for other purposes; to the Committee on Education and Labor.

By Mr. BROOKS of Louisiana:

H.R. 12700. A bill to amend the National Science Foundation Act of 1950 to create a Special Committee on Marine Sciences, to develop and encourage a national program for the promotion of research, surveys, and education in the marine sciences, to recommend contracts, grants, or other forms of assistance, to encourage the cooperation of agencies and evaluate the programs of marine research undertaken by agencies of the Federal Government in these scientific fields; to the Committee on Science and Astronautics.

By Mr. BYRNES of Wisconsin:

H.R. 12701. A bill to amend the Internal Revenue Code of 1954 to make certain technical revisions in the income and administrative provisions; to the Committee on Ways and Means.

H.R. 12702. A bill to amend the Internal Revenue Code of 1954 by imposing a tax upon the sale of aviation fuel, and for other purposes; to the Committee on Ways and Means.

By Mr. BOGGS:

H.R. 12703. A bill to authorize refund or credit of certain additions to the tax under the Internal Revenue Code of 1939; to the Committee on Ways and Means.

By Mr. GILBERT:

H.R. 12704. A bill to amend the Civil Service Retirement Act to authorize the retirement of employees after 30 years of service without reduction in annuity; to the Committee on Post Office and Civil Service.

By Mr. JENNINGS:

H.R. 12705. A bill to delay for 60 days in limited cases the applicability of certain pro-

visions of law relating to humane slaughter of livestock; to the Committee on Agriculture.

By Mr. KING of Utah:

H.R. 12706. A bill to require detailed accounting by Members of the House of Representatives in the case of travel expenses, and for other purposes; to the Committee on House Administration.

By Mr. MORGAN:

H.R. 12707. A bill to require the Secretary of the Army to confine within a conduit a portion of Dunlap Creek in Brownsville, Pa.; to the Committee on Public Works.

By Mr. PERKINS:

H.R. 12708. A bill to amend the Federal Trade Commission Act to strengthen independent competitive enterprise by providing for fair competitive acts, practices, and methods of competition, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. TEAGUE of Texas:

H.R. 12709. A bill to authorize the appropriation of \$200,000 for use toward the construction of a U.S.S. *Arizona* memorial; to the Committee on Armed Services.

By Mr. ASHMORE:

H.R. 12710. A bill to amend section 1732(b) of title 28, United States Code, to permit the photographic reproduction of business records held in a custodial or fiduciary and the introduction of the same in evidence; to the Committee on the Judiciary.

By Mr. ASPINALL (by request):

H.R. 12711. A bill to authorize the issuance of exchange noncompetitive oil and gas leases under certain circumstances, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. FOUNTAIN:

H.R. 12712. A bill to delay for 60 days in limited cases the applicability of certain provisions of law relating to humane slaughter of livestock; to the Committee on Agriculture.

By Mr. HOGAN:

H.R. 12713. A bill to delay for 60 days in limited cases the applicability of certain provisions of law relating to humane slaughter of livestock; to the Committee on Agriculture.

By Mr. KING of Utah:

H.R. 12714. A bill to amend the Federal Trade Commission Act to provide for the issuance of temporary cease and desist orders to prevent certain acts and practices pending completion of Federal Trade Commission proceedings; to the Committee on Interstate and Foreign Commerce.

H.R. 12715. A bill to amend the Federal Trade Commission Act to strengthen independent competitive enterprise by providing for fair competitive acts, practices, and methods of competition, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MEADER:

H.R. 12716. A bill to provide for a study of matters pertaining to the imposition by the States of certain taxes involving sales in interstate commerce; to the Committee on Rules.

By Mr. METCALF:

H.R. 12717. A bill to provide for deduction in computing income taxable under the Internal Revenue Code of 1954 of losses sustained by public transit systems in conversion from street railways to buses; to the Committee on Ways and Means.

By Mr. CHAMBERLAIN:

H.R. 12718. A bill relating to the reporting by Members of the House of Representatives of expenditures from the contingent fund of the House of Representatives and of expenditures of counterpart funds by Members of Congress; to the Committee on House Administration.

By Mr. RHODES of Pennsylvania:
H.R. 12719. A bill to repeal the provisions of law establishing a stationery allowance for Members of the House of Representatives; to the Committee on House Administration.

By Mr. COOLEY:
H.R. 12720. A bill to amend the Agricultural Trade Development and Assistance Act of 1954; to the Committee on Agriculture.

By Mr. LINDSAY:
H.J. Res. 764. Joint resolution proposing an amendment to the Constitution of the United States relating to cases where the President is unable to discharge the powers and duties of his office; to the Committee on the Judiciary.

By Mr. ROUSH:
H. Con. Res. 702. Concurrent resolution expressing the sense of the Congress in favor of the restoration of the principle of bipartisanship in American foreign policy; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mrs. GREEN of Oregon:
H.R. 12721. A bill for the relief of William H. Chinn; to the Committee on the Judiciary.

By Mr. POWELL:
H.R. 12722. A bill authorizing the President to present a gold medal to Louis Armstrong; to the Committee on Banking and Currency.

By Mr. RILEY:
H.R. 12723. A bill for the relief of Alfonso H. Patero; to the Committee on the Judiciary.

By Mr. UDALL:
H.R. 12724. A bill for the relief of Yee Mee Hong; to the Committee on the Judiciary.

By Mr. DIGGS:
H.R. 12725. A bill for the relief of Estrelita Tongco; to the Committee on the Judiciary.

By Mr. FLYNN:
H.R. 12726. A bill for the relief of Moy Sig Mon, Moy Sue Yook, Moy Dick Mon and Moy Don Mon; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

499. By Mr. CANFIELD: Petition of 226 citizens of Passaic County, N.J., in support of S. 1046 and H.R. 4488 to increase the minimum wage level to \$1.25 per hour and extend the protection of the law to nearly 8 million workers not now covered; to the Committee on Education and Labor.

500. By Mrs. ST. GEORGE: Resolution No. 10 on taxes on U.S. property, by the Board of Supervisors of the County of Delaware, N.Y.; to the Committee on Interior and Insular Affairs.

EXTENSIONS OF REMARKS

The Crisis of the "Golden Sixties"

EXTENSION OF REMARKS

OF

HON. ROBERT C. BYRD

OF WEST VIRGINIA

IN THE SENATE OF THE UNITED STATES

Friday, June 17, 1960

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that an address I delivered before the 21st general convention of the System Federation No. 41 of the Chesapeake & Ohio Railway on Wednesday, June 15, 1960, be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE CRISIS OF THE "GOLDEN SIXTIES"

I appreciate the honor of being with you here this morning. I appreciate the opportunity, too, of being able to discuss with you some of the major issues facing America today.

You undoubtedly remember that on January 1 of this year the newspapers were full of predictions that we were entering what they called the "golden sixties"—that this decade was one of glorious promise for the people of the United States. Less than 6 months have passed. But I wonder how many Americans are finding things so golden right now. Our position in world affairs is more precarious and more dangerous than it has been since the days of Korea. Here at home the problems of unemployment, the welfare of our aged, the education of our children, and other problems equally pressing, are going unsolved.

You have a right—and a duty—to ask why this is so. The answer is that we have a Government in Washington that, in the down-to-earth phrase coined nearly five centuries ago, is following a penny wise pound foolish approach to America's problems. To save a dollar today it is sacrificing America's promise for the future. It is sacrificing our most important resource—the strength and well-being of our people.

As a Senator, and as a member of the Democratic Party, I am disturbed by this. I can assure you that I and many of my colleagues on Capitol Hill are trying hard to do something about it. As you know, constructive action has been difficult because

of the ever-present threat of—and the use of—the Presidential veto.

This is a time of crisis for America, both at home and abroad. The issue is not just how to get a chicken in every pot, but how we are going to win the struggle for survival.

There can be no question, the peace issue is predominant. No sane man, regardless of party, advocates the horrors of war. But peace cannot be secured through wishful thinking.

Last December the Democratic Advisory Committee issued its own "State of the Union" message for 1960, in which it observed: "The legitimate debate is not over ends but means—the policies which will produce the conditions most likely to secure the just and lasting peace which all Americans seek. The record of the Republican administration in foreign policy reveals erratic policy switches which have sadly damaged America's strength and prestige."

"Our foreign policy," the message continued, "should be far more than slogans, speeches and reassurances. Our foreign policy is basically a matter of our national strength, our national effort and our national will and ideals of human justice."

The conduct of our foreign policy is constitutionally vested in the hands of the executive branch of Government. There is little Congress can do to forestall the blunders. We can, however, urge, investigate and otherwise endeavor to persuade the President to conduct a responsible foreign policy.

I believe the leadership of my party is to be commended for its own responsible attitude and actions on foreign policy questions. It has urged the administration not to rely only on good-will trips, summit conferences and dollars to pave the road to peace. All of these things have their place. But, singly or collectively, they are not a substitute for a well-thought-out, well-executed foreign policy.

Whether we like it or not, the state of our defenses is a basic consideration in determining our position in the world today. Soviet strides in missiles and their successes with space satellites and moon shots have convinced nearly everyone that we should take a close look into how our defense money is being spent—everyone, that is, except the administration. But the Democrats in Washington are asking some searching questions, and the answers have not always been so satisfactory. It is, in fact, because of Democratic action in Congress that our defense posture is as good as it is.

I believe with Mr. Eisenhower that God is on the side of right. But I also believe that God helps those who help themselves. We cannot afford to let our military forces deteriorate while Mr. Khrushchev gloats. We need strength to match strength.

Even on the domestic front we are lagging behind. Look at education. The experts are warning that our children are not getting an education they will some day need to lead our country in its competition with the Russians. There are not enough classrooms. Teachers are underpaid. In higher education, we shall need in the next 10 years a number of new buildings equal to the total number built in the last 200 years. If we are going to meet these needs, the Federal Government must act. Many of us in Congress have long waged a vigorous battle for appropriate legislation. Right now we are fighting, and fighting hard, to get through a bill to aid in school construction.

The administration has finally come around to sponsoring a proposal, too. But this proposal, calling for expenditures carried out over a long period of years instead of meeting costs now, would in the long run be unnecessarily expensive and would still fail to meet the need. It is another example of the penny wise pound foolish attitude which is sapping the strength of our country.

A Presidential veto may be in the offing. But short of that, I promise you we are going to have this school issue resolved before Congress adjourns. We need more and better schools for our children—and we are going to have them.

One of the most serious problems confronting this country is that of creeping unemployment. I have heard a great deal from administration spokesmen about the dangers of creeping inflation. I, for one, certainly do not minimize the problems caused by the rising cost of living. But we rarely hear a word from the administration about the problem caused by rising unemployment. According to the statisticians, 2 years have passed since the start of the recovery from the disastrous 1958 recession. But there are a lot of people around here who do not know that the recession is over, and the economists are already talking about the beginning of the next one.

The facts are blatantly clear, and no amount of hiding can minimize their impact. Unemployment is a growing problem. We have had three recessions since the end of World War II. After the first recession, unemployment dropped nationally to a 3 percent level; after the second recession unemployment remained at the 4 percent level.